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NEWS SUMMARY

GENERAL

Hoare and 41 others 'guilty'

Colonel "Mad Mike" Hoare and 41 other mercenaries were convicted in South Africa on air piracy charges stemming from the hijack of an Air India Boeing after an abortive Seychelles coup attempt last year.

All the charges carry prison terms of five to 30 years.

Justice Nevelle James told the court that South Africa's Defence Force had aided the coup attempt by delivering weapons to Colonel Hoare's home. Page 2

Toxteth rioting

Youths stoned police and set fire to a car in Toxteth, Liverpool. Part of Upper Parliament Street was closed while firemen braved stone-throwing to put out a blaze.

Widow fund

The South Atlantic Fund is to give £10,000 to every widow of the Falklands war and £1,000 for each child whose father died.

Ship subsidy

Premier Margaret Thatcher told the Commons the Government had promised subsidies of 30 per cent on the £45m price tendered by British Shipbuilders for the Atlantic Conveyor's replacement. Page 8

Inquiry refused

The Government refused a call by Labour MP Jack Ashley for an inquiry into the health risks from exposure to asbestos following the television documentary, Alice — a Fight for Life.

Petrol down

The highest price for a gallon of four-star petrol is 172.8p—5p down since the beginning of June, reflecting a 5p "subsidy" of retailers by distributors. Page 6

Rolls rebel

The High Court ordered the imprisonment of John Dodd, 49, owner of a custom-built supercar with Rolls-Royce trappings. Rolls-Royce has taken Mr Dodd to court nine times for trade-mark infringement and passing off.

Women jailed

Two prostitutes, who fought for 10 hours with a businessman in his Mayfair apartment before leaving with £75,000 worth of valuables and currency, were sentenced to 12 months in jail, suspended for two years.

Lusaka air crash

A welcoming ceremony for Tanzanian president Julius Nyerere went ahead at Lusaka Airport—150 yards from the wreckage of a Zambian Air Force transporter which crashed shortly before, killing its three crew.

Detention illegal

Zimbabwean MP Wally Stuttaford, charged last week with plotting a coup, had been detained unlawfully for seven months, the High Court ruled.

Prison death

A convicted Red Brigades guerrilla was stabbed and strangled to death in the top security section of a prison in Trani, Italy.

Japan flood toll

A man was rescued after being stranded four days in his car in southern Japan where the flood toll rose to 275 dead and 87 missing.

Briefly . . .

Cinema attendances in Britain have dropped by between 20 and 40 per cent. Page 6

Tabitha, a nine-year-old tabby cat, survived three weeks trapped in a camping trailer in west Wales.

Four policemen were injured in a gun and rocket ambush in west Belfast.

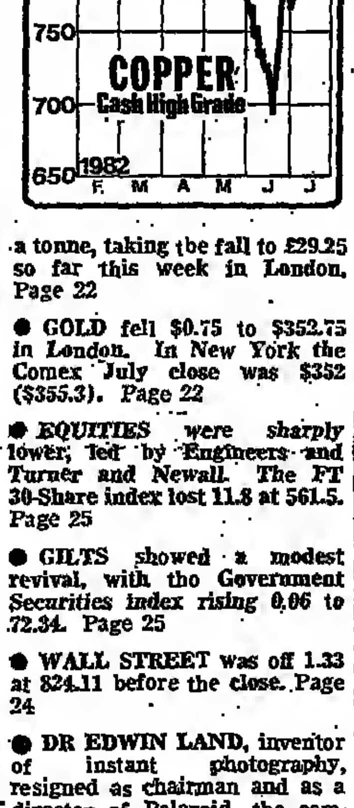
BUSINESS

Dollar stronger; copper declines

● DOLLAR was firm on rising Eurodollar interest rates rising to DM 2.43 (DM 2.4085), FFr 6.77 (FFr 6.705), SwFr 2.05 (SwFr 2.03) and Y252.5 (Y251). Its trade-weighted index advanced 6 points to 119.3. Page 26

● STERLING lost 95 points at $1.7555 but was otherwise higher at DM 4.265 (DM 4.2525), FFr 11.875 (FFr 11.83) and SwFr 3.6 (SwFr 3.585). Its Bank of England index was 91.4 (91.2). Page 26

● COPPER continued to decline. The cash high grade price slipped £14.75 to £850.25



a tonne, taking the fall to £29.25 so far this week in London. Page 22

● GOLD fell $0.75 to $352.75 in London. In New York the Comex July close was $352 ($355.3). Page 22

● EQUITIES were sharply lower, led by Engineers and Turner and Newall. The FT 30-Share index lost 11.8 at 561.5. Page 25

● GILTS showed a modest revival, with the Government Securities index rising 0.06 to 72.34. Page 25

● WALL STREET was off 1.33 at 824.11 before the close. Page 24

● DR EDWIN LAND, inventor of instant photography, resigned as chairman and as a director of Polaroid, the company he created. Back Page

● BRITISH GAS has lifted its tight restraints on supplies for new customers, in the wake of an 18.4 per cent drop in profit last year. Page 6

● EEC's consumer price index rose 0.7 per cent from May to June. Greece's rose 2.6 per cent, the highest, and Britain's 0.3 per cent, second lowest.

● CHINA'S exports rose 10 per cent to $10.2bn (£5.8bn) in the first six months of 1982, while imports were 19 per cent lower, suggesting it is heading for a record trading year.

● BL will not meet its sales targets this year, the chairman said. It hoped for 21 per cent of the market but has only 18 per cent so far. Page 6

COMPANIES

● U.S. STEEL saw second-quarter profits plunge 97.4 per cent to $4.3m (£2.4m). It would have been worse but for a better performance at its Marathon Oil subsidiary. Page 18

● GRINDLAYS HOLDINGS reported pre-tax profit for the half year to June 30 almost unchanged at £19.69m (£19.47m). Grindlays Bank, of which it owns 51 per cent, was also steady at £19.68m (£19.66m). Page 14

● XEROX, U.S. office copier maker, saw net profit from continuing operations fall 36 per cent to $112.6m (£64.1m) in the second quarter. Page 18

● MOBIL, second biggest U.S. oil company, reported net profit in the second quarter down 56 per cent from $700m to $310m (£177m). Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Alexanders Hldgs	11¼	+ 2
Birmingham Pallet	34	+ 6
Brown Shipley	223	+ 8
Costain	248	+ 8
Ford (Martin)	24	+ 2
Hambros	118	+ 5
Priest (Ben.)	26½	+ 2½
FALLS		
Brit. Aluminium	36	− 6
Brown (J.)	41½	− 2
Eagle Star	345	− 7
Glaxo	730	− 13
GKN	136	− 9
ICI	308	− 4
Ladbroke	141	− 5
Lucas Inds.	138	− 8
Metal Box	144	− 8
Midland Bank	328	− 10
NatWest Bank	440	− 12
TI	94	− 2
Turner & Newall	44	− 10
BP	288	− 4
Shell Trans.	398	− 4
Inch Kenneth Kajung	238	− 20
Randfontein Ests.	£26¼	− 1

Howe rules out any early fiscal action to boost economy

BY PETER RIDDELL, POLITICAL EDITOR

SIR GEOFFREY HOWE, the Chancellor, yesterday ruled out firmly any early fiscal action to boost the economy in spite of increasingly gloomy reports from industry about its current position and the outlook over the next few months.

In his first major Commons speech for four months he said job prospects would not be helped by higher public spending or premature cuts in taxation. These would jeopardise further falls in interest rates.

He confirmed the creation of 11 enterprise zones. These will enjoy the same benefits of relaxed planning control and tax concessions as the 11 existing zones.

The new zones—seven in England, two in Scotland, one in Northern Ireland and one in Wales—generally will be smaller, at about 250 acres each, than the present ones. Local authorities are being invited to submit by September 17 applications on possible sites.

The Chancellor also announced details of new government schemes to help long-term unemployed.

On the general economic outlook he had little new to offer industry, apart from saying the inflation rate was falling faster than expected. He said there was good reason to hope the 12-month-rate retail price inflation indicator would be down to 7.5 per cent by the end of this year rather than in mid-1983 as predicted last March.

Public-sector borrowing in this financial year to date was consistent with Budget estimates. Monetary aggregates were all within or below target levels. The exchange rate was firm.

Sir Geoffrey noted the fall in interest rates, until recently against the trend in the U.S. He said the position in the U.S. might be beginning to turn, an encouraging sign for the UK.

He said the case for a further fiscal stimulus now was not made out. "We would not help business, industry and jobs if we were to endanger confidence and so risk the prospects of a further fall in interest rates."

The implication of his remarks was that Treasury ministers remained firmly against any autumn package and their main priority is lower interest rates.

Responding to industry's calls for early action the Chancellor said the impact of the cut in the employers' National Insurance surcharge, worth £640m for the rest of this financial year, would be felt only from the end of this week onwards. In trying to defend this approach he faced derision from Labour MPs.

He also dealt with a proposal, put forward in particular by Mr Samuel Brittan, the FT's principal economic commentator, that money gross domestic product was growing more slowly than indicated in the medium-term strategy, giving scope for some stimulus.

The Chancellor said he did not put too much weight on short-term movements in money gross domestic product, which looked to the past rather than to the future. He did not want to fine-tune by adjusting policy every few months.

The Government's objective was to limit public spending to the level announced in the March White Paper, even after taking account of the rise in local authority spending announced yesterday.

Mr Leon Brittan, Chief Secretary to the Treasury, has begun discussions with spending ministers about the bids for additional expenditure in 1983-84. These would push existing plans up by £5bn.

Much of the additional sum reflects requests from state industries for rises in external financing limits, in response to continued financial pressures and plans for additional investment.

Response to enterprise zones pleases Government, Page 7
Howe refuses to stimulate demand, Page 8

Schemes to cut jobless

BY JOHN LLOYD, LABOUR EDITOR

TWO MAJOR schemes to cut unemployment levels were unveiled by the Government yesterday. The surprise part of the package was a "job-splitting" scheme.

This will pay grants to companies employing two part-time workers in place of one full-timer. Mr Norman Tebbit, the Employment Secretary, said he expected it would save money for the Government.

The first project was approved yesterday by the Manpower Services Commission although the Trades Union Congress commissioners reserved full endorsement pending further consultation with local authority unions and other union leaders concerned over possible job losses.

The project is to be known as the Community Programme Scheme (CPS). It aims to provide 130,000 mostly part-time jobs for those out of work for more than 12 months.

It brings together the present Community Enterprise Programme (CEP), which provides full-time work for 30,000, and the initiative, announced by the Chancellor in the Budget, to provide 100,000 places for community work.

The extra cost on the CEP, originally estimated by the Chancellor to be £150m, has risen to £185m, making a net gross cost for the CPS of £575m annually.

The extra cost arises because the scheme envisaged by the Chancellor would have paid benefits from expenses while the present scheme reimburses its sponsors to a maximum of £60 a week. This is as much as £15 more than the "benefits plus" formula.

Mr Tebbit emphasised that the scheme would be more flexible than the CEP, which paid the rate for the job up to about £90 a week.

Under the CPS, participants will receive the hourly rate for the job between two and five days a week. Their sponsors will be able to create a range of full-time and part-time work with a greater or lesser element of training.

The training period will be paid from the £60 reimbursement. Thus the cost of training will cut participants' overall pay level.

Because of the flexibility inherent in the scheme a sponsor will be able to pay some participants more than £60 and others, working part-time and/or receiving training less.

The second project will be administered directly by the Employment Department. It has not been the subject of consultation with the Confederation of British Industry or the TUC. It will pay a first-year grant to employers who split jobs and recruit one or more unemployed persons, or avoid redundancy for an existing worker.

The level of grant to employers has still to be fixed. The department did, however,

Continued on Back Page

NatWest profits up 8.6% in first half

BY WILLIAM HALL, BANKING CORRESPONDENT

NATIONAL WESTMINSTER Bank, Britain's second biggest bank, increased its pre-tax profits in the six months to end-June by 8.6 per cent, to £214m. The results were below the stock market's expectations and the bank's shares, which had touched 458p immediately ahead of the results, closed 12p down at 440p.

The main reason for the poor performance was a sharp rise in the bad debt charge to £78m. This compares with £45m in the first half of last year and a £3m credit in the second half, reflecting a bunching of recoveries from earlier years.

Mr Robin Leigh-Pemberton, the bank's chairman, said the charge against profits in the latest period had benefited much less from recoveries but "new provisions are not out of line with recent experience, bearing in mind the substantially increased level of business."

The bank's sterling advances have risen by 14 per cent since the end of 1981 and foreign currency advances are up 13 per cent. Total lending is up by a third over the year, and after allowing for currency movements the bank's foreign currency lending is estimated to have risen by a fifth in real terms.

The bank's provisions represent 1.1 per cent of total advances and Mr Leigh-Pemberton said yesterday he was satisfied that "adequate provision has been made overall, including that required for the group's overseas loan portfolio."

While profits are up on the comparable figures 12 months ago, they are 30 per cent down on the out-turn in the second half of last year. However, this reflects the bunching of provisions.

Net interest income rose by 4.8 per cent to £704m and total income by 2.5 per cent to £991m. Lower earnings on foreign exchange business contributed to the sluggish growth in non-interest revenues.

The group's international operations increased their contribution to total profits from 32 to 34 per cent, related banking services' contribution rose to 13 per cent and domestic banking's contribution fell from 56 to 53 per cent.

In common with Lloyds Bank, which reported its results last week, National Westminster reports a fairly sharp rundown in the proportion of current account balances in its total deposit mix. Current accounts have fallen from 37 to 33 per cent of the total over the last year, while the group's dependence on wholesale money has risen from 28 to 35 per cent.

The bank has increased its dividend by 10 per cent to 10.6p net.

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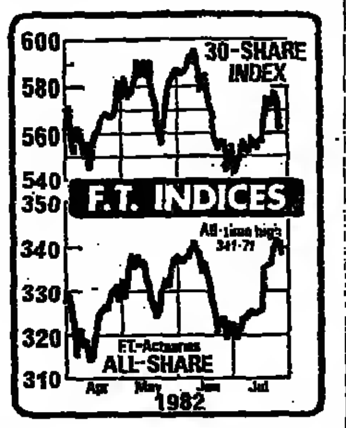

Shares fall steeply in London

By John Moore and William Hall

SHARE PRICES fell heavily in London yesterday amid fears that the British recession may worsen.

In the first 90 minutes of trading, the FT Industrial Ordinary index—the barometer of the movements of 30 leading shares—had fallen 14 points to 559.3, although there had been a rally by the close raising the index to finish just 11.8 points lower on the day at 561.5.

For much of the day, rumours of financial difficulties surrounded the engineering giant, TI. The group issued a strong denial that there were financial difficulties or that it had been having talks with its bankers. TI shares, which are one of the 30 components of the FT index, rallied to show a fall of only 2p on the day at 94p.

Controversy surrounding asbestosis in the U.K. hit Turner & Newall, another constituent of the 30-share index, and its price fell 10p to 44p on the day.

The gilt-edged market in government securities was overshadowed by trends in the equity sector, although it did show a modest revival. This had been encouraged by Monday's cuts in prime rates by some U.S. banks and recent favourable indications of lower domestic rates. The FT Government Securities index showed a rise of 0.06 to 72.34.

In the money markets UK interest rates were little changed, although the seven-day interbank rate fell below the 13 per cent mark. The Bank of England continued

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Gloomy budget forecasts, Page 4
Stock Exchange report, Page 25
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£ in New York

—	July 26	Previous
Spot	$1.7580-7595	$1.7650-7670
1 month	0.03-0.06 pm	0.03 dis-par
3 months	0.55-0.59 pm	0.42-0.45 pm
12 months	3.55-3.50 pm	3.0-3.10 pm

Israel steps up bombardment of West Beirut

BY DAVID LENNON IN TEL AVIV AND OUR FOREGIN STAFF IN LONDON

ISRAELI AIRCRAFT, artillery, tanks and gunboats launched their heaviest and most sustained bombardment of West Beirut yesterday, the sixth consecutive day of aerial assault on Palestinian positions.

Correspondents in the beleaguered Lebanese capital reported that bombs and shells were exploding steadily closer to the city centre.

One side of an eight-storey building collapsed after being hit by a bomb and seven other high-rise buildings nearby were seriously damaged. The building which once housed the residences of the Swiss, Canadian, Greek, Yugoslav ambassadors was blazing fiercely last night.

Hospitals in the capital said they were receiving a steady stream of casualties, but there were no reliable reports of how many people had been killed or wounded.

The problems for the inadequate rescue services were exacerbated earlier yesterday when Israeli forces in East Beirut cut off water and electricity supplies to the west. An Israeli army spokesman said the measures were taken as "part of the pressure on the terrorists."

Mr Philip Habib, the U.S. Middle East envoy, arrived in Jerusalem yesterday for talks with Israeli officials on his efforts to arrange for the estimated 6,000 Palestinian guerillas to leave Beirut peacefully.

After Mr Habib had met Mr Yitzak Shamir, the Foreign Minister, an Israeli official said: "Mr Habib believes there has been some progress and that there is a chance he will succeed in getting the Palestinian terrorists to leave Beirut."

If Mr Habib fails to persuade Israel that there is a real chance of reaching a diplomatic solution soon, there is a strong possibility of an all-out Israeli attack on the city.

U.S. Congressmen who met Mr Menahem Begin, the Prime Minister, yesterday were pessimistic about the possibility of preventing an Israeli move into West Beirut.

The Palestine Liberation Organisation meanwhile turned down an offer of refuge from Sudan.

● President Ronald Reagan has completed his review of Israel's use of U.S. made cluster bombs and has decided to suspend further shipments "as a matter of policy." He would not legally certify that Israel had breached its agreements with the U.S. on the use of these weapons. This could have exposed Israel to further penalties from Congress.

McCloskey pessimistic, Page 3
Israeli concensus vanishes, Page 13

Current cost accounting wins approval in poll

BY BARRY RILEY

A VOTE of 51.5 per cent for current cost accounting to continue has narrowly saved the Council of the Institute of Chartered Accountants in England and Wales from the embarrassment of its official policy being rejected by its members.

Postal voting ended yesterday on a resolution proposed by Mr David Keymer and Mr Martin Haslam. They called for the immediate withdrawal of the current cost accounting standard SSAP 16.

The special meeting to consider the resolution does not take place until tomorrow, but any votes cast personally, or proxy votes changed, at the meeting are unlikely to alter the voting figures significantly.

The final count shows that 30,427 chartered accountants have voted. Of these, 14,760 (48.5 per cent) cast their votes for the resolution. But 15,667 followed their professional leaders' advice, making a majority of 907 against the motion.

Mr Eddie Ray, president of the institute, had told members in a circulated statement that "the accountancy profession has a clear public duty to oppose this resolution."

The final outcome is believed to be disappointing for institute officials. They had hoped for a larger swing against the resolution in the closing stages of the postal voting.

The result shows that the accountancy profession is split down the middle on current cost accounting—a method of drawing up accounts to allow for price changes which have occurred during the accountancy period.

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For latest Share Index phone 01-246 8026

West German car output increases by 16%

BY KEVIN DONE IN FRANKFURT

THRIVING EXPORT sales enabled the West German automobile industry to increase car production by 16 per cent in the first six months of the year despite the continuing recession in the home market.

New car registrations in West Germany itself dropped by 6 per cent to 1.25m units from 1.33m vehicles a year ago. Importers also suffered from falling market share.

Volkswagen, the leading West German automobile manufacturer, increased its market share from 23.4 per cent to 24.4 per cent, although this success was eroded by the performance of its Audi subsidiary.

Audi is hoping to revive its fortunes in the autumn with the launch of a new Audi 100 model—the existing Audi 100 has been on the market since 1976—but it continues to be hit by the steep fall in demand for larger saloon cars.

Its market share fell from 6.8 per cent to 5.7 per cent, while domestic sales volume plunged by 21 per cent to 71,943 units.

Overall Volkswagen-Audi's market share was virtually unchanged at 30.1 per cent. Opel took 18.9 per cent and Ford, 10.9 per cent.

Volkswagen's Golf remains the most popular car in West Germany—the five millionth Golf was produced in February this year. The car has now been on the market for eight years.

Domestic carmakers have regained substantial market share lost to importers in recent years with imported cars taking 24.7 per cent of the West German car market in the first six months of this year compared with 27.8 per cent a year ago.

Japanese importers suffered the chief setback. Their market share dropped from 10.2 per cent to 8.9 per cent. Total sales of Japanese cars dropped by 18 per cent to 110,947 from January to June this year compared with the corresponding period a year ago.

West German car manufacturers are continuing to benefit chiefly from booming export sales. Car exports jumped by 26 per cent in the first half of the year to 1.18m.

According to the West German Motor Industry Federation, export orders have started to level off in the last two months after the strong surge in the early part of the year.

The biggest boost to sales has come from the major European car markets—France, Italy and the UK. But some manufacturers are concerned that the revaluation of the D-mark in the European Monetary System could hit sales particulary in France and Italy.

Overall car production jumped in the first six months by 16 per cent to 2.11m units from 1.82m a year earlier.

Commercial vehicle production, on the other hand, has been hit more heavily by the domestic industrial recession. Production dropped by 2 per cent in the first six months to 160,900 despite a 10 per cent increase in exports to 106,400.

West German car makers are investing heavily in new models and in modernising production facilities. Most manufacturers have important new model launches planned in the coming months.

Daimler-Benz plans to launch a smaller car at the end of the year, the Mercedes-Benz 190, and BMW is planning to introduce a new 3-series, its smaller model.

In the autumn, Ford is launching the Sierra, a replacement for the ageing Taunus-Cortina model, and Audi is introducing a new Audi 100.

In the range of small cars, Opel is planning to launch the Corsa, which will compete with the VW Polo and Ford Fiesta.

The Corsa has been designed and developed by Opel in West Germany but will be produced by a new General Motors subsidiary in Spain.

Bonn allows approval of EEC wine measures

By Larry Klinger in Brussels

WEST GERMANY yesterday allowed itself to be overruled by its EEC partners on Community measures designed to prevent the outbreak of further wine wars, which traditionally involve French farmers in violent autumn protests against cheaper Italian imports.

In spite of strong reservations in principle and over the potential cost of the measures, Bonn decided not to block the scheme in the interests of Community harmony.

West Germany yesterday refrained from invoking the so-called "Luxembourg Compromise," which gives a member-state powers of veto when "important national interests" are at stake. But Bonn made clear the measures were being approved by the other member-states despite its formal objections.

The new regulations, which involve the distillation of surplus wine into industrial alcohol in an attempt to mop up over-production while stabilising producer incomes, will come into force in September, in time for the approaching marketing year.

In post wine wars France has illegally blocked hundreds of millions of litres of Italian imports after widespread pressure from its farmers.

The other nine member-states agreed to the measures last week, and West Germany, after declaring its objections at yesterday's preliminary session of EEC Budget Ministers, allowed the scheme to be approved.

This concession by Bonn, which remains the principal paymaster of Europe, is an important one because it could open the way for increased majority pressure being applied on other schemes opposed on grounds of cost.

West Germany says the expected £210m cost of the wine scheme is a "gross underestimate" and objects to the inclusion of any new products in Community support programmes, especially ahead of the planned enlargement of the EEC to include Spain.

Belgrade worried by rise in theft and fraud

BY ALEKSANDAR LEBL AND DAVID BUCHAN

HARD economic times in Yugoslavia have pushed up the rate of theft and fraud to a level which is now worrying Government and party leaders in Belgrade.

Mr Slane Dolanc, the federal Interior Minister, has revealed that as many as 19,000 "economic crimes" involving Yugoslav companies as either perpetrators or victims were uncovered last year.

Mr Dolanc cited several ingenious cases of large-scale theft. An organised ring of 95 people stole petrol and oil derivatives to the value of 32m dinars (£380,000) from the Rijeka refinery.

Another gang of 58 people siphoned off 10m dinars (£120,000) worth of beer from the Svetozarevo brewery.

A group of 17 people relieved Belgrade department stores of more than 20m dinars (£244,000) worth of goods. From the port of Bar, 250 tonnes of copper were stolen and sold to Austria through a complex network of accomplices.

Other increasingly common illegal practices include exchanging hire purchase credit documents for cash at a discount and selling scarce commodities, including coffee, soap and building materials, for higher prices.

The spur for much of this activity is Yugoslavia's current economic difficulties, which include shortages of goods, a stubbornly high inflation rate and an acute scarcity of foreign exchange.

Apart from this cyclical factor, some observers detect a long-term erosion in attitudes to commercial property in Yugoslavia and thus to its theft.

It is not that many Yugoslavs would agree with the 19th century anarchist Proudhon that all property is theft. Rather, the Yugoslav political system has blurred the concept of ownership: commercial property is neither private, nor formally owned and guarded by the state as in other East European countries.

Instead, in Yugoslav jargon, it is "social" property, the responsibility of the "self-managing" workers' groups that make up Yugoslav companies.

The Yugoslav authorities believe some foreign companies are a corrupting influence, offering commissions or bribes to employees of Yugoslav import businesses to get their goods into the country.

This practice may be on the increase in an effort to circumvent the new import restrictions imposed this year.

Yugoslav employees have generally been able to count on some leniency from the authorities if they commit what are quaintly known as "beneficial malversations," illegal transactions which benefit their companies without lining their individual pockets.

This takes the common form of sales of hard western currency between Yugoslav companies at higher than official exchange rates.

In future Belgrade may be less inclined to turn a blind eye to this sort of transaction. In May the authorities tightened foreign exchange allocation.

The real damage to the Yugoslav economy, however, is really done by the tendency of individual republics to compete with each other in locating and duplicating often money-losing investments and interrupting the free flow of goods and capital with local monopolies.

This sort of "economic crime" is rarely investigated. For it is the politicians who are the real "godfathers" here.

Ambrosiano assurances sought

BY WILLIAM HALL, BANKING CORRESPONDENT

BANKERS attending tomorrow's creditors' meeting in London of Banco Ambrosiano Holding (BAH) will be seeking assurances that Banca d'Italia, Italy's central bank, will underwrite the offshore operations of the Ambrosiano group, which is at the centre of a major financial scandal in Italy.

The creditors' meeting has been called over BAH's default on over $400m of its borrowings. Some 250 banks have lent money to BAH, a Luxembourg holding company.

There has also been growing concern at the Italian authorities' willingness to allow the offshore operations of the Ambrosiano group to default while supporting the domestic operation.

Although BAH is not a recognised Luxembourg bank, many bankers regarded it as a bank because, along with Ambrosiano's Nassau operation, it was the main vehicle for raising funds overseas for the Banco Ambrosiano group.

Mr Eric Carter, deputy group chief executive of National Westminster Bank, said yesterday that NatWest had considered BAH to be a bank.

NatWest said yesterday its exposure was minimal and the Banca d'Italia might have good reasons to delay supporting Ambrosiano's offshore operations since it might affect the behind-the-scenes efforts to track down the money which was channelled through BAH and other off-shore units of the bank.

John Moore adds: In London lawyers of the family of Sig Roberto Calvi, the chairman of Banco Ambrosiano who was found hanged at Blackfriars Bridge, are considering challenging the suicide verdict of the City of London's coroner court on the death of the banker.

They may apply to the High Court in London, seeking a ruling that the case be sent back to the coroner's court for a re-hearing.

Last Friday, a nine-strong jury decided by a majority verdict of seven to two that Sig Calvi committed suicide.

The adjourned hearing began at 10am and the jury retired at 8.20pm delivering their verdict at just after 10pm.

Lawyers may suggest that there were defects in the way the inquest was carried out, particularly with regard to the length of time of last Friday's session.

Sig Calvi's family have asked lawyers to explore all ways in which the suicide verdict could be reconsidered.

Taste of freedom for 1,227 Poles

WARSAW—Poland's martial law authorities have released all the internees Gen Wojciech Jaruzelski ordered to be freed when he announced a partial relaxation of martial law last week, officials said yesterday.

Gen Jaruzelski ordered the release of 1,227 internees, including all women held, in a speech last week to the Sejm, the Polish Parliament. He held out the hope the state of emergency could end this year, but made this conditional on continued social quiet.

Maj Wieslaw Gornicki, speaking for the ruling military council, later said that 913 internees would be freed outright and 314 placed on leave.

Maj Gornicki said 637 people would remain in custody. These include Mr Lech Walesa, leader of the suspended independent trade union Solidarity, who is held in a remote corner of south-eastern Poland.

The martial law authorities have allowed Mr Walesa's wife, Danuta, and their children to join him.

The officials said some dozen internees offered leave "refused to take the opportunity of this leave, because in their opinion they should be released instead.

AP

Ecevit trial delayed until September

ANKARA—A military court trying former Turkish Prime Minister Bulent Ecevit on charges of having illegal contacts with the foreign Press adjourned yesterday until September 14.

Earlier this month the three-time Social Democratic Premier was sentenced to more than three months in jail on a similar charge, the second time in nine months he had been jailed for breaking a military decree banning former politicians from making public statements.

Mr Ecevit, 57, who has not yet begun his latest sentence, did not appear at yesterday's hearing.

Evidence is still being gathered in the case which arose from an article about Mr Ecevit by a Danish journalist which appeared in a Norwegian daily, Arbeiderbladet, on April 1. He denies giving an interview to the reporter. He faces up to five years in jail if convicted.

● An Italian state attorney is in Turkey investigating reports that Mehmet Ali Agca, who shot Pope John Paul II last year, had links with the Turkish mafia, according to officials.

Sig Ilario Martella, who is leading the investigation into the papal shooting, has questioned Abuzer Ugurlu, who is on trial in Istanbul on gun smuggling charges.

Agencies

Sr Landelino Lavilla

Spanish ministers join UCD leadership

By Tom Burns in Madrid

SR LANDELINO LAVILLA, who was elected president of the ruling Unión de Centro Democrático (UCD) last month in a bid to end internal feuding and revive the party's flagging fortunes, yesterday co-opted three cabinet ministers onto the party's secretariat in a bid to bolster the UCD's organisation and prepare for general elections widely expected before Christmas.

Sr Rodolfo Martin Villa, a veteran of successive UCD governments and currently a Deputy Prime Minister with responsibility for political affairs, was given the key role of internal party organisation.

Sr Rafael Arias Salgado, Minister Responsible for Regional Policy, and Sr Jaime Lamo de Espinosa, Minister without Portfolio, were also given jobs on the secretariat and are expected to resign from the cabinet.

Another senior UCD politician, Sr Marcelino Oreja, a former foreign minister and hitherto the Government's representative in the Basque country, was given responsibility for the party's relations with the Press.

The revamped UCD internal structure serves, however, to underline the party's reduced strength and political isolation.

Announcing the new secretariat, Sr Lavilla confirmed he had received a letter from former Prime Minister Sr Adolfo Suarez in which Sr Suarez said he intended to leave UCD.

Sr Suarez is expected to form a new political group. A number of his aides refused to attend yesterday's UCD executive meeting at which the new secretariat was reviewed.

Sr Lavilla said UCD would not seek electoral pacts with the various groups of liberals, Christian Democrats and Social Democrats who have left UCD in recent months.

He also ruled out the highly publicised coalition formula of a "natural majority" of centre-right parties sought by Sr Manuel Fraga Iribarne's conservative Alianza Popular Party.

The Socialist Party, which is well ahead in opinion polls, held a series of internal meetings over the weekend at which the leadership streamlined its electoral programme.

Sr Felipe Gonzales, the Socialist leader, has publicly called for the dissolution of Parliament when it reconvenes in September after the summer recess.

Chinese chemicals industry official sacked for corruptio

BY TONY WALKER IN PEKING

CHINA'S anti-corruption drive has ensnared a senior chemical industry official, who has been sacked from his job and from his official party positions.

Yang Yihang, a Vice-Minister of the chemical industry, is the most senior official to have been disciplined publicly so far in China's campaign against corrupt activities.

People's Daily, the Communist Party newspaper, yesterday reported Yang's case prominently on its front page. The paper stopped short of accusing him of corruption, but stated that he was an example of an official who had put his personal interests ahead of his country's dignity.

According to a New China News Agency report, Yang gave a Hong Kong businessman special treatment in the supplies of synthetic materials, allowing the businessman to make windfall profits on the world market. Yang is also said to have signed a protocol with the businessman, who undertook to raise interest free loans totalling some $600m, (£346m).

A report by the Communist Party's discipline inspection commission said the Hong Kong man "led him (Yang) around by the nose." Yang had had the businessman appointed an adviser to one of China's largest petrochemical corporations.

The report went on: "The man used the title of agent of the corporation . . . to swindle and bluff outside China. China's international prestige was seriously undermined."

Yang's action in selling the man polethylene and polpropolene at preferential prices had cost Chinese trading corporations more than $1m because these cheap supplies had undercut the market.

Foreign observers in Pek see the publicity given in Ya case as a warning to m senior officials that the d against corruption will contin

It has been noted here t Yang committed what the p newspaper described as "err in 1979, and even though it rumoured he had lost his jo 1980, the case is only now b given publicity.

● China recorded a substan trade surplus in the first months of this year, an ind tion it is heading for its trading year on record.

Exports jumped by m than 10 per cent in the months to June compared w the corresponding period year, totalling more $10bn. Imports were down some 19 per cent, totall $7.8bn.

Last year China recorde small deficit on a total tr of about $40bn. Japan officials in Peking said week that trade between Ch and Japan had dropped about 10 per cent in the six months of the year. T estimated that similar re tions will have been recor by China's other major trad partners.

According to a report in Shanghai-based World I nomic Herald, China increa exports of petroleum prod and machinery by 15 and per cent respectively in first six months of this y Significant increases had been registered in the exp of finished garments and sumer goods such as se machines and bicycles.

The paper reports Britain is the leading impo of garments, recording a of 179 per cent to import Chinese textiles in the first months of the year.

Protest at 'rewritin of Japanese history

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THE REWRITING of Japanese secondary school textbooks dealing with the Sino-Japanese war of 1937-1945 has landed Japan in diplomatic hot water with Peking.

The new textbooks, due to come into use in the 1983 academic year and revised on the "advice" of the Japanese Education Ministry, substitute vague or inoffensive expressions for more explicit phraseology in their accounts of the Japanese invasion of China.

China delivered a formal protest on the changes on Monday to the Japanese embassy in Peking, following several days in which the matter had been receiving unfavourable comment in the Chinese Press.

China takes the view that the revised text books violate the terms of the 1972 communique under which the two countries re-established diplomatic relations after World War II. In the communique Japan acknowledged responsibility for the destruction caused by its armies during the eight-year war.

The Japanese Foreign Ministry yesterday confirmed that it stood by the terms of the communique. It said it had passed the Chinese protest Note to the Ministry of Education which was said to be "studying" it.

The changes to which the Chinese have taken exception include the substitution of the neutral word "advance" in place of "invade" to describe Japan's 1937 incursion into Chinese territory. Similar changes in the wording of passages dealing with the Japanese occupation of Korea appear to have been very badly received in Seoul.

In the case of the Korean occupation, the revised textbooks speak of "labour m sation" instead of "fo labour" to describe Japanese practice of dra Korean labourers to Japanese islands during W War Two.

Chinese and Korean critic of the textbook revisions fuel to the flames of a dom controversy about the pra of officially screening sc textbooks. The Left-wing J Teachers' Union (Nikkyoso) bitterly opposed the practice years but is itself under a from conservatives in the te ing profession and in poli

A hawkish member of P Minister Suzuki's ca claimed yesterday that Government would be "gi in" to the teachers' union used the Chinese protest a excuse for withdrawing revised textbooks.

The Government's dilemm complicated by the fact Prime Minister Suzuki scheduled to pay an official to Peking in September as of the celebrations of the anniversary of the normalisa of Sino-Japanese relations.

JAPAN'S industrial prod tion has declined for consecutive quarters and now running at less tha per cent above the level n year ago, the Ministry International Trade Industry (Miti) revea yesterday, our Far E Editor reports.

The industrial product index fell 1 per cent in first quarter of 1982 and fered a further decline of per cent in the sec quarter. The index now sh a rise of only 0.7 per c over the level of one year a

Cedric Sandford examines radical proposals announced in Dublin for a new taxation structure

Irish commission looks for simple system of equality

IN A REPORT* published yesterday Ireland's Tax Commission characterises the country's present tax system as "inequitable and complicated. It distorts economic decisions in many ways."

The description could be applied equally in the UK, the U.S., Australia or, indeed, the majority of mixed economies. It is this widespread dissatisfaction with existing tax structures which gives the Commission's report much more than parochial interest.

The Commission was asked to examine the whole field of taxation. It sensibly included social insurance payments in its probe, and was not inhibited about making general judgments on social security benefits. This first report considers direct taxes: income tax, capital gains, corporation, wealth and wealth transfer, direct expenditure and social security contributions. A later volume will examine indirect taxes, the machinery of taxation, local taxation and issues such as special incentives for economic growth or disincentives to environmental pollution.

The authors tried to trace each issue back to first principles. There is a perceptive chapter on the difficult and controversial question of tax incidence—who really pays taxes?

They are conscious that the nominal objectives of a tax concession often differ from its actual effects. Thus indiscriminate tax reliefs to home owners put up house prices, making it more difficult for first-time buyers; and employers' social insurance contributions are probably passed forward into prices or backward into lower wages in domestically traded goods, while reducing the competitiveness of goods sold in international markets.

This return to first principles has increased the relevance of the study for other countries and generated a radical report—a result which is all the more remarkable since it comes from an official body including representatives of trade unions, industrial and farming interests.

The central proposal of the Commission is the adoption of a comprehensive definition of income. It proposes that income tax should remain the main source of direct taxation in Ireland, but that it should be redefined for tax purposes to include all additions to an individual's spending power over a period of time. Thus, besides wages, salaries, interest and dividends, the tax base includes accretions of spending power in the form of lump sum receipts, gifts, inheritances and other windfalls.

Income tax would therefore be levied on golden handshakes, redundancy payments and lump sum payments on retirement; social security benefits, including unemployment pay; and realised capital gains. Income, whether in kind or in cash, would be subject to tax and, wherever possible, fringe benefits would be taxed at their open market value. There is also an ingenious suggestion for a "benefit-in-kind" tax on employers if other methods of taxing fringe benefits prove unworkable in practice.

As a complementary measure, the mass of income tax reliefs would be abolished. It is proposed that only standard personal allowances should remain and these should be given in the form of tax credits—that is a specific sum as a reduction of tax liability. Child tax allowances would be incorporated into the social security structure as a child benefit payment, as in the UK.

The pay-off for the far wider coverage of the income tax would be a single income tax rate over all income levels. At present there is a progressive scale with higher rates applying at much lower incomes than in the UK. The Commission expects the new single rate to be lower than the current standard rate in Ireland, probably around 25 per cent.

A social security tax, effectively an addition to income tax, would replace the present social insurance contributions of employees and employers. This tax would be levied on all income as now defined for tax purposes. Although essentially equivalent to a straight percentage addition to income tax, the Commission considers that there are advantages in distinguishing it from the remainder of income tax and retaining a separate Social Security Fund. It is widely believed that many people pay social insurance contributions more willingly than other taxes because they link them with specific benefits.

A further key feature of the proposed system is that corporation tax should be levied at the same rate as income tax, with dividends fully charged.

The Commission is concerned to eliminate the inequities generated by inflation and propose not only a full indexation of credits and rate bands, but also a capital/income adjustment. In inflation, the real value of capital held in certain forms, fall—for example—in savings bank balances. It is the logic of the Commission's definition of income that tax should be levied only on any return on capital over and above what is necessary to maintain its value intact.

The Commission sought to design a "basic system of taxation which is equitable and relatively simple." It recognised that if it was to last, the structure must be "flexible enough in its detailed operation to adjust to changes dictated by political decisions of government." The report's proposals go far towards meeting these aims.

The single basic rate of income tax applying with minimum reliefs over a comprehensive definition of income and embracing both corporations and individuals is a major simplification, allied as it is to the new social security tax. It cuts the scope for tax avoidance by transfers between "income" sources and encourages economic neutrality and hence efficiency in the choice of type of business organisation and of investment. The main complications, introduced in the interests of equity, are full inflation-proofing and progressive expenditure tax.

With few exceptions the Commission has boldly followed where its analysis led. Appreciating that major changes rapidly introduced frustrate established expectations a phased introduction is proposed, with a series of transitional provisions.

The authors have produced a cogent and realistic report which presents a challenging opportunity to any Irish Government. It will require statesmanship of a high order to hold the line once the political pressure groups get to work.

First Report of the Commission on Taxation: Direct Taxation, July 1982. Published by the Stationery Office, Dublin, I£12 (£9.75).

Cedric Sandford is Professor of Political Economy and Director of the Centre for Fiscal Studies, University of Bath.

MAIN PROPOSALS OF TAX COMMISSION

- Adoption of wide definition of income to embrace capital gains, lump sum receipts, gifts and legacies.
- Abolition of income tax reliefs except for personal allowances.
- Single and married persons' allowances to take form of tax credits.
- Income tax to be levied at a single rate.
- Adoption of a progressive direct expenditure tax at top end of scale.
- Corporation tax to be at same rate as income tax, with full imputation for dividends.
- Social security tax on income to replace social insurance contribution of employers and employees.
- Full inflation-proofing of all direct taxes.
- The family to be the basic tax unit for income and capital taxes.
- Recommendation of an accessions tax as the most suitable instrument for reducing wealth inequalities.

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Mercenaries found guilty in South Africa

PIETERMARITZBURG — A South African judge yesterday found 42 white mercenaries guilty of charges arising from the hijacking of an aircraft to Durban after a coup attempt in the Seychelles.

Their leader, former Congo Mercenary Colonel Michael "Mad Mike" Hoare, was convicted on three counts, each of them carrying sentences of five to 30 years.

Justice Neville James ruled that Col Hoare and four others were responsible for seizing the Air India Boeing 727 in the Seychelles on November 26.

He acquitted the others on this charge, as he said it had not been established that they knew about the commandeering of the aircraft. All but one of the 43 mercenaries were found guilty of endangering the safety of the aircraft and its passengers by using it to flee an airport gunfight in the Seychelles.

Sentences are expected today.

Reuter

Troops to stay in Angola, warns Castro

HAVANA—President Fi Castro has warned Cuban troops would stay Angola until South Afr pulls out of Namibia (So West Africa), although added that the Angolan G ernment had ruled out linkage between the two w drawals. The troops wo strongly resist any invas of the country by So Africa, he said.

President Castro issued warning during a spe marking the 29th annivers of his first attempt to ov throw dictator Fulgen Batista.

Reuter

Our Foreign Staff add Namibian settlement ta have continued in New Yo this week, with Western dip mats expressing cautio optimism. But it seems cl that the insistence on the p of both the U.S. Governm and South Africa that Cub withdrawal must be part the final agreement cou prove a major obstacle.

Iran softens terms as invasion of Iraq makes little headway

BY JAMES DORSEY IN KUWAIT

IRAN APPEARS to have softened its terms for ending the Gulf war, amid first hints from its leadership that the Islamic republic's invasion of Iraq two weeks ago has made little headway and threatens to develop into a long, drawn-out military conflict.

Apparently soft-pedalling the often-declared aim of overthrowing the Government of Iraqi President Saddam Hussein, Iranian President Sayed Ali Khamenei, in an interview on Tehran radio, has rejected the notion of Iranian troops toppling Saddam because "this would be an interference in the domestic affairs of Iraq."

Iran has not given up its hope that the ruling Ba'ath Party will be replaced by an Islamic Government. But Iranian leaders now stress that "the Iraqi people must decide," while still believing, in President Khamenei's words, that "the aggressor (Iraq) should be punished."

The commander of Iran's ground forces, Co Sayed Shirazi, in a separate interview on Tehran radio, has described Iran's war aims as destroying Iraqi armed forces and preventing attacks on cities in Western Iran from the Iraqi side of the border. Col Shirazi argued that 800 sq km in Western Iran have been depopulated as a result of continuous Iraqi artillery shelling.

Col Shirazi appeared, however, to be preparing Iranians for a difficult and drawn-out battle. The commander claimed that Iraq organised its armoured formations on the Israeli model of triangles with 1 km long sides. These formations, he said, were impossible to break by employing common military tactics.

"But with the help of God," Col Shirazi said, in the first public hint that Iran's offensive has been unsuccessful, "We will break through them."

Iran and Iraq are locked in battle across a 150-km front, according to the commander. But Iran has been attempting to avoid high casualties both among the Iraqi civilian population and among the Iraqi armed forces.

Col Shirazi pointed out that the number of Iraqi soldiers killed since Iran launched its invasion is far lower than Iraqi losses when Iran pushed Iraq out of its southern oil province of Khuzestan.

Iran is concentrating, Col Shirazi said, on destroying military equipment and has succeeded in wiping out "40 per cent of Iraq's capability." The colonel argued that fear of civilian casualties has prevented Iran from attacking military installations close to the Iraqi port of Basra.

Iran is believed to have asked Algeria to help get what it views as its "legitimate demands" accepted by Iraq. Iran is said to be emphasising Iraqi withdrawal to the agreed borders before the war started and Iraqi payment of war reparations. Iranian leaders have demanded in the past that Iraq pay $150bn.

President Khamenei is scheduled to visit Algeria this week for the second time in two weeks. Observers believe that Algeria is pressing Iran further to soften its demands. Returning from Algeria and Libya last week, President Khamenei said that Iran and Libya had "identical views" but Algeria and Iran were only "in almost complete agreement."

Iranian newspapers, meanwhile, reported that 92 non-commissioned officers and the former head of the Iranian Navy, Admiral Mahmoud Alavi, have been pardoned. The men had been convicted by military tribunals in the past two years for alleged participation in plots against Iran's fundamentalist Government.

McCloskey pessimism after Begin meeting

By David Lennon in Tel Aviv

U.S. CONGRESSMEN who met Mr Menahem Begin, the Israeli Prime Minister, yesterday expressed deep concern about what they saw as Israeli determination to launch a massive assault on West Beirut to destroy the *Palestine Liberation Organisation* (PLO) forces trapped in the city.

Congressman Paul McCloskey, a *California Republican*, said after meeting Mr Begin that Beirut could now face disaster. Mr McCloskey heads a U.S. *Congressional delegation* which met Mr Yasser Arafat, the PLO chairman, in Beirut earlier this week, and obtained a signed document from the Palestinian leader accepting all the UN resolutions relevant to the Palestine question.

Mr McCloskey said that he was very pessimistic because of the Israeli Premier's certainty "that Israel has the right to destroy Beirut, even though they kill 10 Lebanese and five Palestinian civilians for every Palestinian soldier."

Another member of the U.S. delegation, Senator Paul Tsongas, who is a member of the Senate Foreign Relations Committee, met Mr Begin separately yesterday morning and afterwards described his meeting as distressing.

He said that Mr Begin had told him that even if the PLO accepted UN Security Council resolutions 242 and 338 and Israel's right to exist, he still would not deal with Mr Arafat.

"He said no, under no conditions, never, no contact with Arafat. Given that, and the bombing that *is going on, it is* very difficult to understand how the pieces are going to be brought together," the Massachusetts Senator said.

LEBANON AFTER THE ISRAELI INVASION

Christian faces Druze: 'In the mountains it takes a long time to settle scores'

BY NORA BOUSTANY IN BEITEDDINE

IT IS in the rugged hillsides around this town overlooking the pine-decked valleys of the Chouf that Lebanese Druze and Christian mountain people carved their history as they fought wars and made peace over the past two centuries.

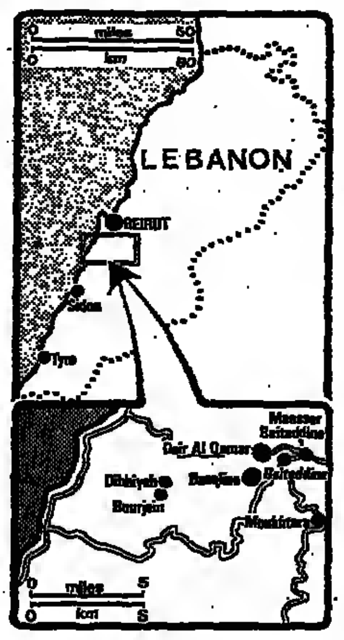
Lebanon today is searching for ways to put its house in order after eight years of internecine fighting, invasions and senseless bloodletting. The will *of different sects to live together* is being challenged in these same mountains around Beiteddine, Arabic for "house of religion."

The Druze have maintained traits of secrecy and circumspection in their dealings with others. Both the Druze and the Christian Maronites became associated politically from the 17th century onwards. Rivalries between influential feudal families, some of which settled in Mount Lebanon and others in the Chouf to the south, date back to pre-Ottoman days. Conflicts that developed over struggles for hegemony, *property disputes, tax* collection and conscription in favour of outside powers have left their mark in bloody battles and intra-communal jealousies that persist to this very day.

The winding roads up to Deir Al Qamar, Beiteddine, Baaqline, and Moukhtara, seat of the dominant Jumblat Druze family, lead through unending olive groves and stone terraces built by the ancestors of their present-day landowners.

"In the mountains, it takes a long time to settle scores," noted Mr François Najem. A Christian Beiteddine butcher, standing in front of his shop in the main square. Business was slow, he said, and the Israelis *bring* their own *kosher* food with them.

A Lebanese army barracks,



housing a battalion of 200 men —mainly Druze—in Beiteddine was disarmed by the invading Israeli army in June when the soldiers tried to resist. The presence of Lebanese forces, of the Phalange-dominated Christian Lebanese militias, in their place, now is a highly controversial issue.

The Druze perceive this development as outright provocation, with the Lebanese forces trying to gain ground in the shadow of Israeli advances through Lebanese territory. Druze leader, Mr Walid Jumblat, has expressed concern about such moves. Mr Bachir Gemayel, commander of the *Lebanese forces* and *Phalange* militia, who is trying to widen *his popular* base for his election to the presidency, has given instructions to his men not to offend the sensitive Druze population, Lebanese forces military officials said.

None the less, an incident at Maasser Beiteddine, down the road from here, threatened to rekindle inter-Lebanese strife while the Palestinians, Syrians and Israelis are still on Lebanese soil.

Mr Rafic Ayyoub, the Christian owner of a Total petrol station, ordered a tankerful from east Beirut. Christian militias escorting the tanker instructed him to distribute the fresh supplies evenly with coupons among the *Druze* and Christian residents.

A Druze army officer asked for an extra gallon of petrol after filling his tank. Mr Ayyoub refused, telling his customer to get another coupon from the Lebanese forces. The officer flew into a rage upon being told to go to the militias in order to plead for more rations from elements he considered newcomers to the area. Muttering, he vowed that he would settle the matter with the Lebanese forces that evening, a local security official from neighbouring Deir Al Qamar said.

After midnight, two explosions rocked Beiteddine and its environs. Two bombs, one planted between the two petrol pumps and the other near the water tap at the station, went off. Ayyoub, two of his married sons and his wife were killed and a third son lost one of his legs. The petrol station was reduced to a skeleton of charred and twisted metal and bricks. *The* security official says this was accompanied by a rocket-propelled genade attack against the army garrison in Beiteddine and the Lebanese forces position down the road. The grenade attacks are believed to have been started by two soldiers from the garrison itself.

Druze sheik in Beiteddine turns his back on invading Israeli tank

The next day, an Israeli commander came in and gathered the *Lebanese army officers and* soldiers for inspection by a hooded man. *Afterwards* he gave those who stayed a lecture on *Druze-Christian* co-existence, the official adds. He chose to remain unidentified. The Druze officer, who reportedly masterminded the assaults and bombings fled with some of his men to hide in Moukhtara, before he was arrested by the Israelis. Local residents charged that the officer and some of his subordinates were sympathisers with the progressive Socialist Party of Jumblat.

The whole battalion was later asked to pull out from Beiteddine. A force of some 200 Lebanese forces elements was sent up several days later.

While Druze leaders and locals have expressed their discomfort and displeasure with such a build-up, Mr Najem, the burly butcher, strokes his moustache and says his Christian co-religionists in the region feel reassured.

"*First we were afraid of such* a presence (Lebanese forces), *now we are relieved because the* town could b a target," he said defensively as young men from the square gathered around his shop. Mr Sobhi Chabeen, the Moukhtar, or headman, of Beiteddine, solemnly declined to comment, saying the issue was "too delicate at a time like this to aggravate with public statements."

Mr Maroun Karam, whose *forefathers came to Beiteddine* in 18th century, interjects, "We *are a minority and we cannot resist, but now it is all right, we can resist.*"

However, Druze car electrician Mr Najib Baddour, from Baaqline, feels differently. "Nothing happened in the Chouf during all these years of fighting and I prefer non-local armed elements not to enter our areas."

Mr Najem, who agrees that things were relatively calm during 1975 and 1976, recalls how (father) "Bouna Youssef" from Mazraat al Chouf was "slaughtered in 1977 along with other Christians in Barouk and elsewhere," to avenge the death of Mr Kalmal Jumslat, the Druze leader slain in March of that year. His son, Walid, is the present chieftain of the Druze, head of theProgressive Socialist Party and leads the Moslem-leftist coalition of the National Movement.

The Israelis, now in control of the Chouf and the Maten, where Druze and Christians live, are trying to play a separating role between the population and the Christian militias, who have been given strict instructions not to enter Druze villages.

Mr Walid Jumblat said in an interview last week that the Israelis were putting Israeli Druzes in those areas. "The Israelis will probably try for a new mix between Maronites and Druzes, since the Druze card is of some importance to Israel," he said.

Israelis have eagerly interceded on behalf of the Druze as protectors against the Christian forces. Two Israeli tanks guard the entrance to the Druze town of Baaqline. In the shopping district there, big banners read: 'No agreement, no meeting, no presence, no negotiations with the Kataeb (Phalange) no matter what the conditions are."

In two words, Mr Anwar Fatayri, a Progressive Socialist Party official, underlined his rejection of Christian militias in Druze territory: "Kataeb out."

Last weekend, hopes were buoyed when Mr Jumblat and Mr Bachir Gemayel *got together* for a meeting to smooth over *brewing* Druze-Christian feuding. A joint committee, grouping *political figures from both sides*, was formed to follow up efforts to pacify the Chouf, where cordial communal relations are considered vital for stability in the rest of Lebanon.

The attitudes of residents who have rubbed along together over the years and excited partisans differ. But many would like to bet that former examples of co-existence will prevail on younger generations in Lebanon, which Mr Michel Shiha, a Lebanese historian, described as a "country which tradition must defend against force."

Israeli consensus vanishes. Page 13

Gloomy budget deficit forecast cautions optimists

BY ANATOLE KALETSKY IN WASHINGTON

THE U.S. budget deficit in 1983 is likely to be between $141bn and $151bn and deficits in the next two years will remain in the $145bn-$160bn range, despite the tax increases and spending cuts now being enacted by Congress, the Congressional Budget Office reported yesterday.

The deficit estimates, outlined to the Senate budget committee by the CBO director Alice Rivlin, contrast starkly with the more optimistic projections of the Republican-dominated Senate and the Reagan Administration.

The politically independent CBO is widely regarded as the most authoritative official source of information on budget deficits, revenues and expenditures.

The Senate's own projections put the 1983 budget deficit at $104bn and show it declining to $84bn in 1984 and $60bn in 1985. The Reagan Administration's forecasts are due to be published later this week after a series of delays connected with internal controversies over their allegedly over-optimistic assumptions on economic growth and federal revenue collections.

These disputes are believed to have been partly responsible for last week's resignation of Mr Murray Weidenbaum, the chairman of the President's council of economic advisers.

Underlining the gravity of the budgetary situation, despite the increase passed this week by the senate, Mrs Rivlin said that the CBO's "surprisingly large budget re-estimates" were only partially due to lower economic growth assumptions for 1983.

The main reason for huge deficits is that the base from which the economy is expected to start growing in the second half of this year is much lower than had previously been expected because of the surprising depth and duration of the recession.

CBO forecasts growth of 3.6 per cent in real terms for the rest of this year and 1983. The Senate Budget Committee and the Reagan administration are both forecasting growth of 4.5 per cent in the same period.

The U.S. medical bill rose to a record 9.8 per cent of the country's gross national product last year, a 15.1 per cent leap from 1980, writes Peter Bruce in Washington. Americans spent $287bn on health care last year, according to a report by the Department of Health and Human Services.

A breakdown of healthcare costs shows that average spending per person was $1,225 per person.

Real dollar interest rates to stay high, says Amex

BY ALAN FRIEDMAN

REAL U.S. interest rates—the difference between nominal interest rates and the rate of inflation—are expected to remain at high levels at the end of this year, according to an annual survey by the Amex Bank Review.

Amex surveyed 380 private bankers, central bankers, treasurers and economists and came to the following conclusions:

- The U.S. dollar is expected to weaken against European currencies, reaching DM 2.34 in December against its present level of DM 2.43.
- U.S. dollar interest rates will decline, but only slightly. The six-month Eurodollar deposit rate is expected to be around 14 per cent at year-end and 12¾ per cent by the middle of next year.
- The average U.S. inflation rate forecast is for virtually no change by year-end (an annual rate of 6.6 per cent, compared to the current 6.7 per cent).
- Sterling is expected to gain against the U.S. dollar, to around $1.80, from its current level of $1.76.
- The Japanese yen will gain most from dollar weakness, moving to Yen 240 by year-end, from its current Yen 251.

Amex stressed yesterday the survey results were a snapshot of market opinion at the time the survey was taken, three weeks ago.

Argentine army chief adjustments

BUENOS AIRES—Gen. Mario Menendez, who commanded Argentine military forces on the Falkland Islands, has been removed from the Army High Command while a commission investigates the "conduct of the events of the Malvinas," according to Argentine Army Commander Gen. Christino Nicolaides.

Three other generals who had commands on the islands were also relieved of their posts.

An army communique said the move "carries no implicit judgment of the performance or actions of those involved." It said any judgment would come after the investigation.

Gen. Nicolaides said the moves were "a first readjustment to put the army in order."

The other generals affected were Oscar Joffre, former commander of the 10th mechanised Infantry, Omar Parada of the Third Infantry and Americo Daher of the ninth Infantry, and Manedez's chief of staff in the islands.

AP

Nicaragua extends state of emergency

Nicaragua said yesterday it was prolonging its state of emergency for six months because of recently intensified attacks by Rightist commandos on its territory, Reuter reports from Managua.

Nicaraguan junta member Sergio Ramirez told more then 10,000 Government supporters pecked into a central Managua plaza that the commandos launching the raids from neighbouring Honduras were all trained, outfitted and supplied by the U.S. Central Intelligence Agency (CIA).

Mr Ramirez also announced petrol rationing.

The state of emergency, originally imposed on March 15, had been extended every 30 days. The Government said yesterday's measure was necessary because of U.S.-inspired moves to destabilise the country.

Bolivian demands for early poll rejected

Bolivia's new military President, General Guido Vildoso, yesterday rejected demands by political parties, trade unions and businessmen that he bring forward elections scheduled for next year or reconvene a parliament elected in 1980, Reuter reports from La Paz.

Gen Vildoso reaffirmed the armed forces' determination to hold elections on April 24 next year and hand over power to a civilian Government in August.

William Chislett, recently in Guatemala City, assesses the country's civil war

Guatemala intensifies assault on guerrillas

GUATEMALA, turbulent Central America's most populous country, is being bled white by a vicious spiral of political violence—over 2,000 people, mostly peasants, have died this year. The country's new fundamentalist president, General Efrain Rios Montt, believes the time has come to crush the rebels. "When subversion is armed and rejects the hand we are holding out, then we have to hold special trials and put those guerrillas found guilty before a firing squad."

The General was speaking to a small group of journalists in his office in the greenstoned neo-Baroque National Palace. Outside, troops in battle fatigues patrolled the deserted streets with sub-machine guns.

He explained that his Government, which came to power in a bloodless coup in March after the overthrowing of the régime of General Romeo Lucas Garcia, had made an amnesty available, offered to talk with the guerrillas and had imprisoned over 40 former government officials on corruption charges.

"The guerrillas did not want to speak to us. Instead of speaking they burnt hamlets and killed women and children. This was their answer to a dialogue." The General claimed that his Government spent a month trying to establish contacts with the guerrillas in Washington.

The General's large brown eyes glinted with passion as he spoke. He is a member of the born-again sect of the Church of the Word based in Eureka, California, and he believes his mission is God-given. Moderate opponents accuse him of wishing to wage a holy war in Guatemala.

That day's newspapers which, under the state of siege declared on July 1, are banned from printing anything but the official version of left-wing guerrilla activity, reported the deaths of 78 guerrillas in combat with the army. A few days later, troops killed 24 guerrillas in three north-western provinces and 42 civilians died in a separate clash when guerrillas attacked Pajmujay, a town 50 miles west of Guatemala City.

All political activity has been suspended, to the anger of Opposition parties like the Christian Democrats who welcomed the General's coup after March's fraudulent elections but who are now disillusioned with his performance. "The last thing this country needs is another Ayatollah Khomeini," said a prominent Christian Democrat. "With a purely military solution the guerrillas are going to win out. Political life has to be reactivated."

But Gen Rios Montt does not think much of political parties, although he accepted the Christian Democrats' candidature in the 1974 elections after he fell out with the military hierarchy. He called political parties "sick and miserable" and accused them of turning their backs on the country's problems. They have not had a chance to tackle them.

mated. The General himself admitted that "150,000 people have been killed in 10 years." To be a member of any party not approved by the prevailing military clique was like putting your name on a hit list for the extreme Right-wing death squads which operated from an annex of the National Palace.

The activities of these death squads, said a senior government official, have been "turned off like a tap." Guatemala City is now a quiet capital. Cars with tinted windows, which were commonly known to be used by para-military groups, are off the street.

In the countryside the fighting between the 18,000-strong army and the estimated 6,000 guerrillas, who are largely drawn from the country's economically oppressed Indian community, is fiercer now than ever. Gen Rios Montt has called up all military reservists between the ages of 18 and 30 to bolster the Government forces.

Both sides are now using terror tactics to secure support. The army, according to local observers who have visited the rural areas of combat, harasses villagers who feed and house guerrillas. The rebels do the same when they are not given refuge.

Many killings, according to the censored newspapers, are carried out by "subversives dressed in army uniforms." A local journalist said that a magistrate recently wrote in a report that a massacre of peasants was perpetrated by soldiers. The military commander of the region made him change the report to read "guerrillas dressed in army uniforms."

Gen Rios Montt's policy appears to be to offer a more moderate face to the international community, by showing a disposition to talk to the guerrillas and by discarding the crude excesses of his predecessors and at the same time to intensify the war against the guerrillas in the countryside.

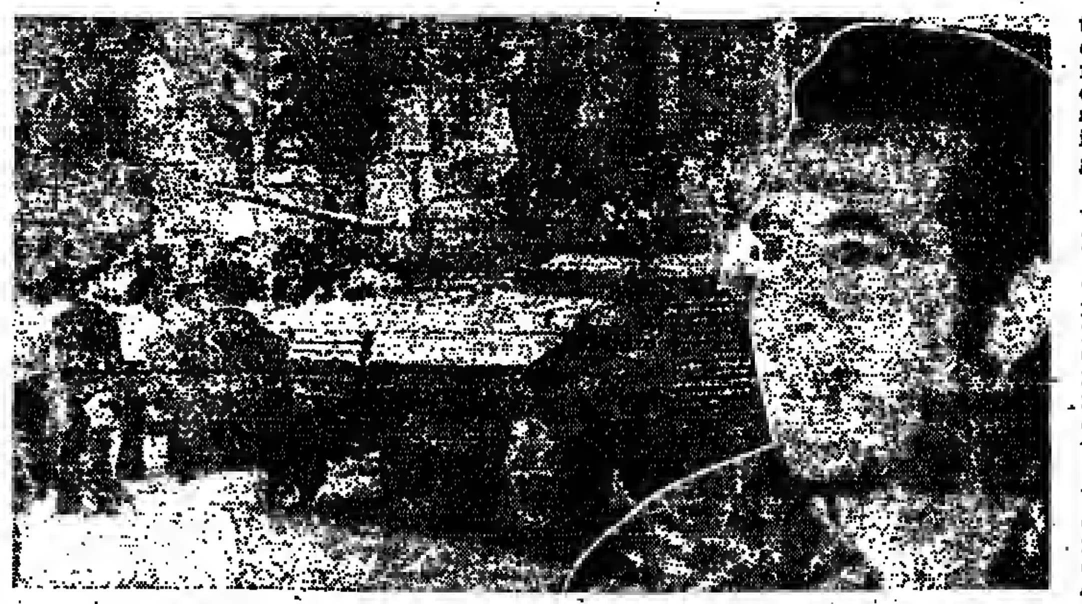
The Regan Administration which views Guatemala as the plum for Soviet expansionism in Central America, will ask Congress to restore in fiscal year 1983 the military training programme to Guatemala cut off in 1977 by the Carter Administration because of human rights violations. A resumption of U.S. military aid is also under serious review.

The Christian Democrats believe that military aid will only further fan the flames of revolution unless it is tightly conditioned to a timetable of democratic reform and free elections.

Meanwhile, the civil war's toll on the economy is high. Tourism, a major source of revenue, has dropped by more than half. Outside some hotels there are more taxis than guests.

Gross international reserves dropped $180m (£102m) last year to $347m—barely sufficient for 10 weeks' imports. The Quetzal, at par with the dollar for 56 years, has effectively been devalued by 20 per cent on the growing black market which is being stimulated by the acute lack of foreign exchange. The central bank has a $200m backlog of foreign exchange requests to satisfy. The only bright spot in the economy is oil, but production is still minimal and has been hit by guerrilla actions.

"Subversion has its roots in stomachs full of parasites," said Gen Rios Montt. "If we do not show people respect and give them confidence and security then they will be our enemies and not our friends." Gen Rios Montt appears to have few friends.



Gen Rios Montt . . . "Subversion has its roots in stomachs full of parasites"

Loan target in sight, says Brazil

BY ANDREW WHITLEY

FIRST-HALF figures from Brazil show it to be well in sight of its gross foreign borrowing requirement for this year, according to official estimates.

Sr Carlos Langoni, the Central Bank Governor, has said Brazil needs another $5bn in foreign loans to meet the predicted current account deficit and leave a small carry-over provision for 1983.

He said $9.43bn had been raised in the six months to the end of July in fresh loans, leaving aside last year's carry-over of $2.27bn.

Bankers in London are less sanguine, pointing in particular to the effect of poor export results and continuing high interest rates at home and abroad as likely to lead to a significant increase in the projected current account deficit.

Total borrowing needs are thought likely to be nearer $19bn than the official $16.7bn. The projected current account deficit is put at $13.4bn as opposed to the Government's original estimate of $12bn.

Brazil began its 1982 foreign borrowing programme in fine form, having matched or exceeded all the official targets for last year. But in the past two months the pace of inflow of foreign currency has slowed

Peru may seek U.S. jets

WASHINGTON — Peru, the only South American country to have bought large amounts of Soviet military equipment, has told the United States it is interested in buying 26 U.S. F-16 jet fighters, U.S. Government officials said.

It appeared likely President Ronald Reagan's Administartion would agree to sell advanced military equipment to Peru because it could reduce or possibly eliminate the USSR's one major arms-sale beachhead South America.

AP

Doreen Gillespie in Lima adds: Peru's armed forces are among the best-equipped in South America, although arms purchases have dropped since the civilian Government took over from the military.

The country can ill afford further arms purchases at the moment. The Government is caught in a tight balance of payments squeeze.

ENERGY REVIEW

Despite the doubts, Alaska remains exciting

By Paul Betts, recently in Anchorage, Alaska

JUDGING FROM the bar talk in Anchorage these days, the international oil glut may be putting increasing pressures on major oil company balance sheets but it is unlikely to stop them bidding record sums for some prime real estate in Arctic waters next September.

The oil industry, which spent a record of more than $1bn in 1979 for U.S. federal leases in the Beaufort Sea just north of Alaska's great Prudhoe Bay oil gusher, is now expected by some accounts to bid $2bn to $7bn for the outer Continental Shelf leases in the Beaufort Sea north-west of Prudhoe Bay which the Federal Government will shortly put up for sale.

Surprising as it may seem for oil companies to be prepared to dish out such huge sums, no major U.S. oil company appears willing to be left out of the search for oil in Alaska's frontier areas. "Any sale in Alaska's outer Continental Shelf will draw lots of interest," says Mr Allen Brown, regional exploration manager for Arco Alaska, Atlantic Richfield's Alaskan subsidiary. "The area now being offered is fairly close to the largest oil field in North America. Every well in this area has hydrocarbons. You know the stuff is there, although whether it is commercial is another matter. It's going to be an exciting sale."

While the imminent Beaufort Sea sale is commanding the greatest attention, it will be the first of a series of Alaskan outer Continental Shelf sales under the Reagan Administration's accelerated lease sales programme. This programme spans a five-year period and includes 16 Alaskan offshore lease-sales, starting with the Beaufort Sea sale in September, followed by a number of Bering Sea sales including the Norton Basin, St George's Basin and the Navarin Basin. The auction of all the outer Continental Shelf tracts is expected to be completed by June 1987.

Mr Brown says that everybody is hoping to find "lots of new Prudhoe Bays." But he acknowledges that nobody really expects to find another field of the dimensions of Prudhoe Bay with recoverable reserves of nearly 10bn barrels of oil and enough gas to make it one of the biggest gas fields in the world. The industry, he claims, is hoping to find many more fields with recoverable reserves of 1bn barrels or more—similar to the Kuparuk Field near Prudhoe Bay.

The general consensus is that the Beaufort Sea is a highly attractive site, whose success will ultimately depend on how effective the oil companies will be in holding down development costs. Indeed, the costs of going offshore are enormous. Mr Brown says that it costs between $25m and $30m to drill a wildcat well onshore in Arctic Alaska. The cost of a similar well in 10-15ft of water rises to about $35m. Beyond that, the cost rises to around $50m-60m for each wildcat well.

These sharply higher costs reflect the severe environmental difficulties in oil field development in the Beaufort Sea, requiring the construction of large and expensive gravel islands on which the rig is erected. According to Shell Oil, gravel islands are expected to be economically attractive in water depths of up to 60ft to 100ft. But Shell says that between 100ft and 200ft of water in this basin would require ice-resistant fixed platforms such as steel or concrete cones.

Some doubts, however, have been raised on how much the oil companies will be willing to spend on new Alaskan leases in coming months. These doubts follow the disappointing Federal lease sales earlier this year in the so-called natural petroleum reserve on the North Slope on the west of Prudhoe Bay. The January sale in the petroleum reserve, which was set up as long ago as 1923 by President Harding, resulted in around $65m in bonus bids while the May sale led to a meagre $12m in bonus bids. The oil companies claim the low bids do not reflect a squeeze in oil company spending for Alaska. Instead, they relate to the uncertainty of the commercial potential of an area which has been well explored and proved until now very disappointing.

Thus, in spite of the general excitement that the forthcoming Alaskan offshore lease sales are causing, Mr George Keller, chairman of Standard Oil of California, expects the bidding to be far less aggressive than in the past. The Socal chief executive says that two factors are likely to make oil companies more cautious in their bidding approach. "The oil industry has now revised its oil price expectations to more modest levels for the 1990s than it was anticipating and coupled with the current cost of cash in the market, this is likely to make bidding far less aggressive."

One company which has been particularly eager to see the Government speed up its schedule of outer Continental Shelf lease sales is Shell Oil. Only last week, Mr Charles Blackburn, Shell Oil's executive vice-president for exploration and production, told the National Ocean Industries Association meeting in Seattle that "70 per cent of future discoveries of oil and gas should come from Federally controlled areas . . . and we further estimate that about half of the future discoveries in the U.S. will come from the outer Continental Shelf. About 35bn barrels of oil and about 115 (U.S.) trillion cubic feet of gas."

The single biggest obstacle to oil developments, according to the Alaskan oil producers, are the delays caused by environmentalists, coupled with the inevitable problems of dealing with state and federal bureaucracies. "These delays cause havoc in our economic forecasts," says Mr Brown. "We have to borrow money now for crude which we will be selling in 10 to 15 years' time. It takes that long in this part of the world from the lease sale to the first production of oil. And remember we are also borrowing at today's interest rates."

To some extent, however, the relationship between the oil companies and both the Federal and state governments has improved of late. For the North Slope producers, the biggest relief has come with the decision to extend the drilling season in the Arctic area. Until last May, the drilling season in the Beaufort Sea stretched from November to the end of March—the worst possible time for such operations given the extremely difficult Arctic winter conditions.

But the Federal Government has now changed the drilling restrictions to allow Beaufort Sea drilling for 10 months of the year with the exception of the months of September and October.

The two-month ban will continue until the authorities can examine the full impact of Beaufort Sea drilling on the Bowhead whales which pass through the area in these autumn months.

The other obstacle to development continues to be uncertainties over the fiscal climate for oil companies operating in such a high cost operation as Alaska. But, here again, the situation has recently been improving. In the past, one of the big complaints of the oil companies was the constant changes in Alaskan tax legislation.

Although state taxes on oil companies remain extremely complex, Alaska has backed down from a form of double taxation whereby oil companies were taxed both at production source and downstream retail source which led the oil concerns to file legal suits against the state. As things now stand, income from oil production in Alaska is roughly evenly divided between the companies, the state and the Federal Government with each ending up with about a third of the take.

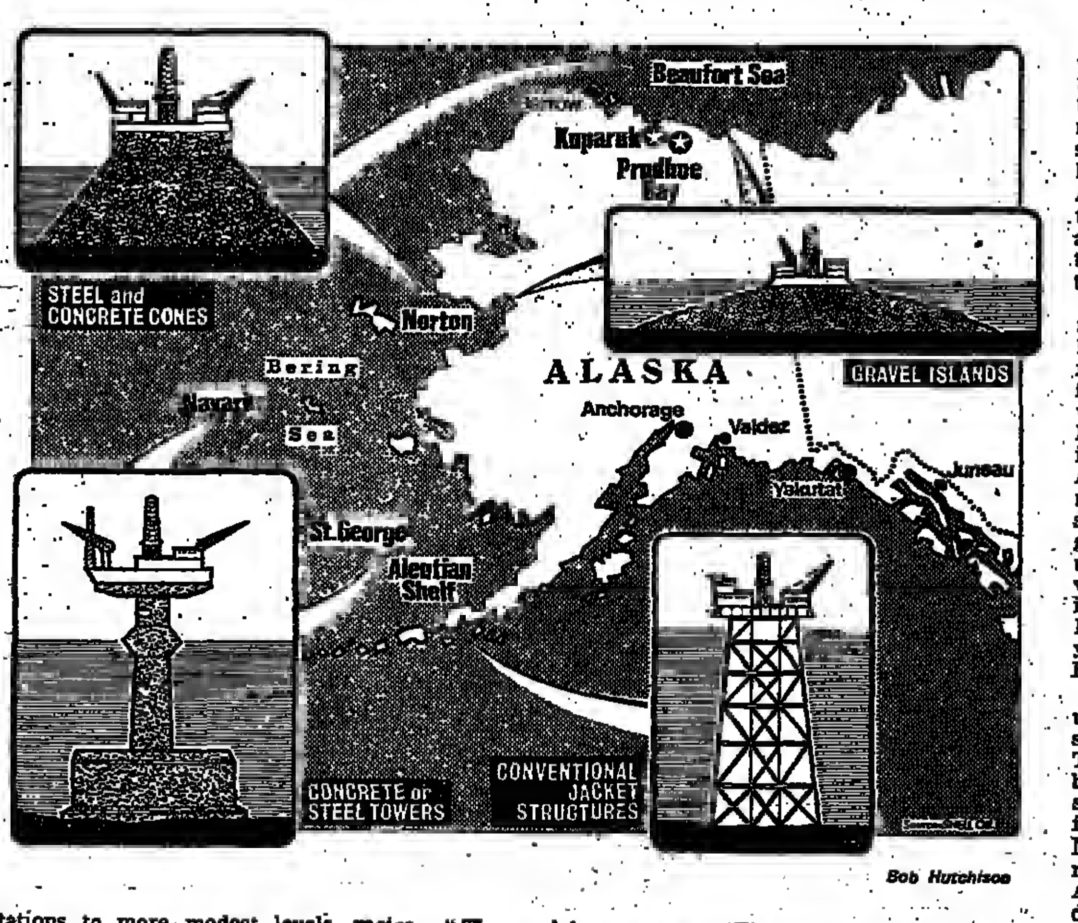
In general, however, the oil companies prefer to deal with the Federal Government rather than the state. "There has been more stability in the relationship with the Feds," Mr Pat Norgaard, president of Arco Alaska, says. "The state has tended to react to its oil wealth a bit like a kid with a new toy: not knowing exactly what to do with it."

The fact that the outer Continental Shelf is owned by the Federal Government is one reason why the oil companies feel more willing to push ahead with high risk exploration. Indeed, while the Beaufort Sea is at the centre of attention, Arco together with a large number of oil companies is sharing the cost of a $200 ... geological survey currently underway in the Bering Sea with wells in the Norton Basin, in the St George Basin, in the North Aleutian shelf and next year in the distant Navarin Basin.

In the Norton Basin, the jack-up drilling rig key Singapore started drilling early in June. The St George Basin well is being drilled by the Sedco ... semi-submersible floating platform. Drilling started late last May, after the Sedco ... reached Alaska from South Africa. The same rig is due to drill the North Aleutian Shelf well after this year and ... Navarin Basin well during summer of next year. ... earlier Arco test was done ... the Norton Basin in the summer of 1980. This and the latest ... in this basin come as ... Federal Government is due to auction its first oil and ... leases in the Norton Basin ... November.

The potential of the 9m a... so-called Arctic wildlife refuge which sits on the east ... Prudhoe Bay, also interests oil companies. This area, up ... now strictly closed to the industry, could be opened for exploration by 1985-86.

But perhaps the most eloquent example of the extent of risks that oil companies are prepared to take in Alaska is Arco's decision to go ahead with exploration drilling at Yakutat in the Gulf of Alaska where ... wildcat well is expected to ... between $40m-50m. Mr Brown says there is probably only ... per cent chance that Arco ... be successful. "But these are the risks one is willing to take in Alaska. After all, Prudhoe Bay was also a big ri...



Bob Hutchison

Bonn takes firm line on cuts in U.S. steel trade

GILES MERRITT IN BRUSSELS

GERMAN officials yes- warned in Brussels that uropean Commission "has ank cheque" to negotiate EC steel export cutbacks with the U.S.

in's indieations that it is repared to suffer major tions in its steelmakers' narket shares came on the of preliminary Brussels with U.S. officials on the of a global EEC-U.S. steel aimed at defusing the itlantic row.

Brussels Commission is g to negotiate an export ont deal with Washington week, in advance of the st 9 deadline. On that date rther 13 countervailing and 18 anti-dumping cases ie activated by the U.S. to orce the anti-subsidies pro- es which threaten to stifle $1.4bn (£795m) of steel ts from the EEC. British. h. Italian and Belgian nakers are hit by ninary countervailing s of up to 40 per cent.

cuts the EEC is expected er on all steel products, ig pipes and tubes, has to trigger serious internal ns this week in the EEC how far German, Dutch Luxembourg steelmakers d share the new restric-

Viscount Etienne Davignon, the EEC Industry Commissioner, yesterday met Herr Spaatmann, Thyssen general manager, following talks between EEC steelmakers grouped in the Eurofer producers' "club." It was apparently made plain that the German steel companies are determined to retain their 1.8 per cent of the U.S. market. Along with the Netherlands and Luxembourg, they reject any demands for pro rata cuts in line with the 20 per cent-plus steel shipment rejections the U.S. is expected to damand.

Parallel talks will open today between the European Commission and Mr Gary Horlick, the U.S. deputy assistant secretary of commerce for import administration.

James Buchnn adds: Count Otto Lambsdorff the West German Economics Minister, intends to break off his summer holiday, next week to hold a second round of talks in Washington over the deterioration of U.S.-European relations becausa of trade issues.

Count Lambsdorff, who is in Texas, is seeking talks in Washington on August 6 with Mr Malcolm Baldridge, the U.S. Commerce Secretary, and Mr George Schultz, the U.S. Secretary of State.

Uproar at call for Australian quotas

MICHAEL THOMPSON-NOEL IN SYDNEY

KEN HILL Proprietary's or import quotas to protect Australian steel industry un into furious opposition e Commonwealth Govern- moves towards a decision ie demand.

Australian Independent Association, which repre- small manufacturers and yesterday said it was "no for spineless political ions."

e Association claimed BHP ailed to improve steel pro- vity in more than a decade. strial disputes had cost some 600,000 tonnes in production in 12 months, ent on.

IP — Australia's biggest ufacturing employer — last th asked the Temporary stance Authority for quota ictions on imports of most steel products, limiting orts to 10-15 per cent of ected Australian sales. It ts the local market is ng a dumping ground

e TAA decision is being dered in Cabinet. A verdict be announced this week. ugh the Government is preoccupied with pre-budget strategy at the moment.

Last week BHP announced a 25.8 per cent fall in profits for the year to May 31, from A$491.3m (£287.6m) in 1980-81 to A$364.5m. The main factor was a plunge in earnings from its steel division, where a profit of A$115.6m was transformed into a loss of A$12.6m.

The group's case before the TAA was based on projected steel imports this year, in the product range covered by the inquiry, of 840,000 tonnes—equivalent to 1.1m ingot tonnes and representing an import growth of 53 per cent on 1981 tonnages.

The application for quota protection has been condemned by Japanese and Korean producers and yesterday the AISA renewed the attack, claiming that "the Big Australian wants to be the only Australian."

It claimed that up to 600,000 jobs in steel-using industries were at risk as a result of BHP's plea. "Many competitive manufacturers of steel products require standards and qualities that are simply not available from BHP." it went on.

Atkinson of California in $1bn deal

FRANCISCO — Guy F. oson Company of Cali- a says it has been ded a $1.05bn (£597m) ract to complete the d's largest dam in south- ern Venezuela.

e contract was signed in cas with Electrificacion Caroni CA (Edelca), the zuelan Government's gy agency, to finish the dam and powerhouse.

rl will be the world's st hydroelectric project it is finished in 1986.

anwhile, the Italian con- tion group Societa rale Immobiliare Sogene has won a contract for of a subway system in cas.

e contract, valued at n (£31m), is for the ruction of subway els and the supply of lated and operational structure. The construc- is expected to be finished 985.

gene recently completed itial portion of the sub- which included subway els, two stations and lated infrastructure.

cles

Saudi rules tightened on consultants

BAHRAIN — Saudi Arabia's Commerce Ministry has tightened conditions on foreign consultant engineering firms seeking business in the Kingdom.

Companies must meet five conditions to obtain a licence from the Ministry before bidding for contracts, said Abdel-Rahman Al Zamil, Ministry Under-Secretary.

The Ministry has been issuing licences after a consultant engineer won a contract, but the Ministry wants to ensure that contracts go to "real professionals and not to false companies or adventurers," he went on.

Companies will be asked to produce documents proving it has been in the consultant engineering business in its home country for at least 10 years and deteiling work carried out in that time.

A company is also required to submit a document on its financial position from a bank approved by the Saudi Arabien Monetary Agency and copies of its budget and profit and loss accounts for the previous two years.

Reuter

Lagos imports slow

MICHAEL HOLMAN

RIA'S IMPORT curbs uced in April in response lling oil revenue "are y having some salutary ," Mr Bello Maitama Minister of Commerce, esterday.

Minister, speaking at a seminar, gave no figures, id imports had slowed.

ther speaker, Chief k Bolokor, the Minister ate for Foreign Affairs, lat government had acted der to conserve foreign nge. (Reserves fell from 5.6bn (£4.6bn) in Octo- 980 to around N1.3bn the emergency measures taken.)

cutback is having a sub- d impact on companies in Britain, Europe and the rest of the Organisation for Economic Co-operation and Development, which provide more than 75 per cent of Nigeria's imports.

In 1981 UK exports to Nigeria were worth about £1.5bn (£1.2bn in 1980). Officials at the Department of Trade yesterday forecast a fall to £1bn this year as a result of the curb, although figures for the first five months have been high, reflecting efforts to beat two shipment deadlines, the last expiring on June 15.

The aim of the Nigerian curbs, announced by President Shehu Shagari on April 20, was to cut the monthly import bill from an average N1.2bn (£1.01m) to N800m (£670m).

Thyssen to build £40m Egypt plant

By James Buchan in Bonn

THYSSEN Rheinstahl Technik, a plant subsidiary of the West German Thyssen group, has won an important DM 170m (£40m) order for a complete pipe-casting foundry in Egypt. This is the first of a series of orders from Arab countries Thyssen hopes to confirm in the next few weeks.

The contract, awarded by the Egyptian state-owned El Nasr Castings Company, consists of a complete foundry at Tanash, north-east of Cairo, with associated works and training for local staff. Work on the plant, which will produce pipe of 1 cm to 1 m diameter, should begin in the autumn and take 30 months.

The promise of total financing from Kreditanstalt fuer Wiederaufbau, the West German reconstruction bank, may heve been decisive in winning the contract for Thyssen.

Egypt is the most signficant recipient of West German capital aid after India, with some DM 235m promised this year.

The Tanash plant will use centrifugal casting technology developed by another Thyssen subsidiary, Thyssen Schalker Verein, as an in-house "joint venture" between the Thyssen group's capital goods and trading divisions.

Thyssen Rheinstahl Technik

U.S. chips industry fears Japan's market control

BY LOUISE KEHOE IN SAN FRANCISCO

LEADERS OF the U.S. semiconductor industry have for months been urging government action to investigate the Japanese domination of the U.S. computer memory chip business. Yesterday, they were taken completely by surprise by a Justice Department announcement that it was initiating an investigation of six major Japanese suppliers for possible violation of anti-trust laws.

In a statement issued in Washington, the Justice Department said that it was investigating whether the U.S. subsidiaries of the Japanese companies had conspired to fix prices and limit the quantity of chips exported to the U.S. Last week, the Justice Department sent civil investigative demands—similar to subpoenas—to the Japanese companies following a two-month preliminary investigation.

The six Japanese companies have been identified as Hitachi, Nippon Electric, Toshiba, Fujitsu, Mitsubishi and Oki. Together, the six companies hold a 60 per cent share in the billion-dollar world market for 64 kilobit random access memory chips (64K-RAM).

U.S. manufacturers competing with the Japanese have long hoped for government action on their claims that the Japanese companies were "dumping" 64K-RAM chips on the U.S. market at prices below fair value. Since the 64K-RAM was first introduced in 1980 prices have fallen from around $20 (£11) a piece to just $5 each today. In the U.S., the Japanese have been largely blamed for falling prices. U.S. competitors believe that the Japanese sought to buy market share by continuously lowering their prices. The dramatic price drop has significantly contributed to the falling profits of U.S. chip makers.

U.S. manufacturers claim that profit margins on 64K-RAMS had been all but obliterated by price cuts, and say that the Japanese must also be suffering as prices continued to fall.

"The Japanese can have as much of the RAM market as they want depending upon how much money they want to lose," Mr Jerry Sanders, president of Advanced Micro Devices, said bitterly, announcing that his company—a previous leader in memory devices—was stepping out of the market.

Instead of investigating anti-dumping allegations, however, the Justice Department action is focusing upon alleged Japanese efforts to steady—or even boost—64K-RAM prices.

Early this year, according to U.S. industry officials, the Japanese suppliers of 64K-RAMS began to slow down their shipments of the chips to the U.S. American chip makers regarded the Japanese pull back as a reaction to mounting calls for protectionist measures in the U.S.

For U.S. suppliers, the easing of Japanese competition was a welcome break. Japanese market share, which stood at 70 per cent last year, fell to 60 per cent in the first quarter of 1982. The U.S. chip makers were also glad to see lengthening delivery times and slightly higher prices for a few months. Ironically, it seems that the Japanese efforts to recreate some goodwill in the U.S. may now be penalised.

Has the Justice Department taken the wrong action?

No, according to most U.S. semiconductor industry representatives. They hope the investigation will unearth facts that illustrate their worst fears about competition between the U.S. and Japan in the world semiconductor market.

The Justice Department action is being interpreted as a means of opening investigation of the impact of Japanese public law 84. This allows Japanese companies in selected industries to establish cartels, fix prices, allocate markets, jointly develop products and eliminate small competitors within their home market.

Led by the Semiconductor Industry Association (SIA), which represents most of the major U.S. semiconductor manufacturers (with the exception of Texas Instruments) U.S. chip makers have mounted a campaign to initiate Congressional and public investigation of the impact of Japanese policies in the U.S. marketplace.

"We maintain that what the Japanese are doing in their home market bears fruits that have an impact in the U.S.," explained a spokesman for the SIA. "We look for the Justice Department investigation to become a broad analysis of the issues of anti-trust policies in Japan. We would hope that the outcome will be a major effect upon Japanese policies."

Mr Robert W. Galvin, chairman of Motorola, has been particularly vocal on the issue. At an industry meeting last month, Mr Galvin told electronics industry executives that "Japan has action programmes ordained in law to rationalise and restructure industries intensively, including the defining of facilities to be installed, the sizing of their production scale, the specialisation to be assigned among companies, and the legislating of concerted collaboration between corporations under corporate exemptions from their anti-monopoly law."

Mr Galvin called for swift government action to counter Japanese competition, suggesting that the U.S. Government:

- make targeting by foreign industrial policies grounds for trade relief,
- set market share ceilings for individual countries engaging in targeting,
- apply retroactive penalties to recover damages to impaired U.S. industries.

Japanese control of the 64 K-RAM market is, however, a major concern among U.S. computer manufacturers, who see the Japanese companies as competitors in the computer market as well as parts suppliers. Privately, U.S. computer industry people have voiced the fear that if the Japanese were to cut off supplies of critical memory chips, the U.S. computer industry would be crippled.

U.S. to launch 'cartel' probe on Japanese chips

BY CHARLES SMITH, FAR EAST EDITOR

THE U.S. is to investigate allegations that Japanese manufacturers of 64 kilobit random access memory chips have formed a cartel to control prices and production.

The Ministry of International Trade and Industry confirmed Japanese manufacturers admit, however, that there appears to be a shortage of 64 k bit RAMs at the moment and that prices of the chips have stopped declining.

Prices fell from $20 (£11.40) a chip early last year (when

From yesterday's Financial Times

British Gas eases rules on new customers

BY SUE CAMERON

BRITISH GAS, whose profits last year dropped by 18.4 per cent to £310.8m, yesterday revealed that it had lifted its tight restraints on supplies for new customers.

The move reverses the policy the corporation has been following since the 1979 oil crisis and reflects the fact that UK demand for gas has failed to live up to its growth forecasts.

For the last few years, the corporation has refused to supply gas to new customers who wanted more than 25,000 therms a year or who lived more than 25 yards from a gas main. It has done so on the grounds that it could not meet the huge increase in demand for gas that followed the "flight from oil."

The corporation's strict adherence to these limits infuriated many manufacturers, who were desperate to switch from comparatively costly oil to lower-priced gas.

But yesterday, the corporation admitted that it had been quietly ignoring some of the restraints on new supplies since April. It said it had "not been advertising" the new policy, but it had been providing new customers wanting more than 25,000 therms a year with supplies.

It had also been giving supplies to homes, offices or factories more than 25 yards from a main, provided that the customer has been prepared to pay the extra installation costs.

The corporation is still refusing to sell new supplies to manufacturers who want to switch their plants from oil to gas, but it is planning to do so by about 1984.

The corporation's annual report, published yesterday shows that domestic gas sales rose 6.5 per cent to 8.922bn therms and commercial sales went up 5 per cent to 2.256bn therms during the year to end-March. However, sales to industrial customers fell by 2.7 per cent to 5.698bn therms.

The corporation said it had originally predicted that industrial sales would rise by 5 per cent during 1981-82. It therefore sold 7.3 per cent less gas to manufacturers than it had expected.

Sir Denis Rooke, chairman of the corporation, said yesterday the corporation had had to pay £383m on gas levy last year. He expected the figure would be £600m in the present financial year—an average of £40 per customer.

He said British Gas was waiting to hear from the Government what financial target it would be set in future years. "If the minimum requirements of the business were the sole consideration, we should certainly not need anything like the size of increases our domestic customers have had to face in recent years," he said.

Sir Denis said the corporation had paid an average of 10.62p per therm for its North Sea gas last year—36 per cent of its total costs, more than double the proportion five years ago.

Heseltine accused of inner city 'humbug'

By Lisa Wood

LEFT-WING leaders from several London Labour-controlled local councils yesterday protested at a presentation led by Mr Michael Heseltine, the Environment Secretary, on how Government was tackling inner city regeneration problems.

Government efforts to bring central and local government and the private sector into a closer working partnership were dismissed as "humbug, hypocrisy and cosmetic" by the delegation as it walked out.

The presentation, at Church House, London, was one of a series in the country.

The interruptions were the first united action by a group called London Labour Leaders. They came as Mr Heseltine gave a short introduction to an audio-visual presentation intended to encourage enthusiasm for government initiatives.

These include new grants, worth £70m next year, for joint local-authority and private-sector projects, on the U.S. model of urban-development action grants.

Mr Ron Stockbridge, deputy leader of Lewisham Council, said: "We have lost £30m in rate support grants over the past year. My colleagues would like a meaningful discussion on that. Otherwise this presentation is meaningless."

Miss Angela Greatley, leader of Haringey Council, asked Mr Heseltine, who was making a statement about next year's rate support grants allocation in the Commons yesterday afternoon, to make a commitment that London's boroughs would not lose any more rate support grant.

Mr Heseltine said: "There is no way I'm going to make a special deal with London. It would be illegal."

He said inner city problems were getting worse under Labour and Conservative local government and had got worse under Labour and Conservative national government.

He urged Labour delegates to take another look at his Government's initiatives. He said: "This is not a party political matter. It's to provide hope for the inner city."

The borough leaders were from Camden, Hackney, Haringey, Greenwich, Lewisham and Southwark.

They said: "The Environment Secretary must realise that many problems facing inner cities are of his making. He can not go on draining our areas of essential resources."

They said that in the past three years the Government's policy of "snatching money" from needy city areas and to "thrifty shires" had lost London £500m in grants.

Currency 'windfall' helps cut CAA loss

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

Mr John Dent

THE Civil Aviation Authority, which is responsible for fares and route licensing policy, air traffic control, air safety, and many other aviation matters, cut its net loss from £26.8m to £8m in the financial year to March 31.

Several factors contributed to this improvement, including a tight rein on costs and increased fees and charges.

Another significant factor was a "windfall profit" of £20m from currency exchanges—converting into sterling the dollar income from airlines which used CAA air traffic control services.

This would normally have improved the authority's financial position enough to enable it to function without seeking grant-in-aid from the Department of Trade, but the authority decided to write off most of the value of its assets at Sumburgh Airport in Shetland (about £13m) and grant-in-aid of £5.9m was received.

The authority's operating profit including interest receivable was £7.9m, compared with a £15.1m loss the previous year but the cost of borrowing rose from £11.5m to £15.9m, to yield the £8m net loss.

Nevertheless, it is now the authority's policy to stand on its own feet, Mr John Dent, the chairman, said yesterday.

"It is our intention to do without a Government grant-in-aid in the current financial year, other than for our Scottish aerodromes which, for social reasons, must continue to rely on public subsidies. In that respect, the first year of my chairmanship marks an important turning point in the authority's financial affairs."

Mr Dent said that, while the authority relied heavily on foreign exchange gains last year, "underlying them was a real and worthwhile improvement in the operating performance."

One element in this was an improvement in the methods of relating charges for the use of en route navigation and facilities to the costs of providing those services. "This overdue reform should help to underpin the authority's profitability in the years to come."

Reviewing the year's activities, Mr Dent said that there were no fatal accidents in 1981 involving fixed-wing public transport passenger aircraft on the British register, although there were four fatal accidents to other aircraft, involving one cargo flight and three helicopter flights.

Civil Aviation Authority, Annual Report and Accounts, 1982; £3.50 net. From CAA, Greville House, 37 Gratton Road, Cheltenham, Gloucestershire.

BL will not meet 1982 sales targets

BY JOHN GRIFFITHS

BL WILL not meet its sales targets this year, Mr Ray Horrocks, chairman of BL Cars, acknowledged yesterday.

At the beginning of the year, Mr Horrocks said BL hoped to capture 21 per cent of the market, against 19.2 per cent in 1981.

However, the company's share for the year to date is just under 18 per cent. In the current month so far, its share is 15 per cent.

Mr Horrocks said BL had underestimated the sales appeal of some of its competitors' models.

Another problem has been that, while its new cars have sold well, it has phased out several older models in different sectors of the market.

A third is that sales of the Ital, the company's ageing main representative in the "sales rep" market, which must serve until the new LM range starts to appear next spring, have fallen off more sharply than envisaged.

Mr Horrocks said that, despite the problems, BL was still meeting its financing targets.

The company's results are due in September. BL's objective is to achieve operating breakeven next year and at the pre-tax level in 1984.

Mr Horrocks said the introduction of LM 10, a hatchback which will be the first of the LM range, would stabilise BL's market share. It was expected that an actual increase would come in 1984, with the introduction of the LM, a "three box" saloon expected to lead the fight for fleet sales.

The smaller than expected sales volume in the UK had been offset by a rise in sales abroad, said Mr Horrocks. Sales are up 25 per cent on the Continent, and 75 per cent in the U.S.

Mr Horrokes acknowledged that BL was not making profits on its Continental exports, but said that the company had been able to remain on financial targets because its productivity and cost-cutting measures had exceeded expectations, lowering the breakeven level.

Consultants forecast boost for car sales

By John Griffiths

THE ABOLITION of hire purchase controls will result in 30,000 extra cars being sold in Britain up to the end of this year and 110,000 extra being sold in 1983, according to motor industry consultants DRI Europe.

Importers will gain most because they hold a much larger share of the private car market, and they are expected to account for 70,000 of next year's extra sales. BL and Ford will gain most from the 40,000 boost for British-built cars, according to DRI's motor industry analyst, Mr Geoff Skiper.

The increases will be confined to the private buyer market because restrictions on business purchase, which account for about half of all new car sales, were abolished in 1977.

DRI expects the small and medium car sector to benefit most because larger cars tend to be bought by businesses. Sales of BL's Metro are expected to rise significantly, while prospects for LM 10—the first of BL's new medium car range to be launched next spring and on which the company's future depends—are seen as having been boosted considerably.

Talbot's and Vauxhall's UK operations have less to gain in the short term, believes DRI, because with the exception of the Vauxhall Astra they lack a strong British presence in the small and medium car market.

Talbot's Samba is wholly imported, and it seems unlikely that General Motors' Vauxhall-badged small hatchback, the "S" car to be launched soon, will be made initially outside its new Spanish plant.

'Subsidy' pushes petrol down 5p

BY RICHARD JOHNS

THE HIGHEST price for a gallon of four-star petrol in the UK, except perhaps in some remote rural areas, is now 172.8p—an effective cut across-the-board of 5p compared with the beginning of June.

The new level results from the decision by the major distributors—Shell, BP Oil and Esso—to invoice retail outlets no more than 165.8p, leaving a profit of 7p for retailers.

Introduction of the 5p "subsidy" comes within a month of the challenge set by Conoco when it gave notice of its determination to charge 1p less than any competitor in any given locality for its Jet brand. This action could be seen as an end to a collective attempt to maintain an upper reference of 177.8p while matching Conoco on a local basis.

Although 5p has been deducted from invoices, the oil companies are still using the term "subsidy." This reflects their position that they suffer a loss on any gallon sold for less than 177.8p per gallon.

Hitherto, retailers have been refunded for any reduction in prices.

The average price nationwide is probably about 167p. On the basis of a "threshold" of 177.8p per gallon Shell has been giving support at a rate of about £1.5m a week.

Conoco yesterday confirmed its policy of charging 1p less than any rival. The average price at its directly owned stations—200 out of a total of just over 1,000 selling Jet—was 162p, according to one company executive.

Following the major distributors' action in effectively cutting their price by 5p per gallon some companies hoped Conoco would call a halt to what has proved costly warfare for its competitors.

Conoco claims the efficiency of its Humberside Refinery has enabled it to take on the opposition.

At the same time it denies it is seeking to increase a market share, which was about 5 per cent

Borg-Warner evaluation

FINANCIAL TIMES REPORTER

BORG-WARNER Corporation of the U.S. is evaluating the future of its vehicle automatic transmissions business, and will decide whether to meet demand from plants in the U.S. or Europe. Its main European factory is at Kenfig Hill, South Wales.

The corporation said yesterday that over the past few months customers worldwide have been advised that it is withdrawing from the manufacture of complete automatic transmission systems.

It has also withdrawn from a joint project with Van Doorne to make a complete continuously variable transmission, but expects to develop further the supply of individual components for transmissions.

The corporation would not comment on the future of the UK plant, except to say that "no definite decisions" have been made.

If the project with Van Doorne had gone ahead, it could have involved investment of £33m at the Kenfig plant, which employs 1,120 workers.

Mr Nicholas Edwards, Secretary of State of Wales, warned late last year that the plant could close unless its performance improved.

NCB 'neutral' on Sizewell

THE National Coal Board will not play a partisan role in next year's public inquiry into plans to build Britain's first big pressurised water nuclear reactor at Sizewell in Suffolk.

Mr Jeremy Burford, representing the NCB, told the second day of a pre-inquiry meeting at Snape Maltings yesterday that the board preferred to hold a neutral position, but said it naturally, "cannot welcome a project which, if carried out, could well diminish the market for coal."

Much of yesterday's session was taken up with renewed calls for funding to aid objectors to the project, appeals for neutral assessors and debate on the problems encountered in obtaining information.

Suffolk Preservation Society failed in its attempt to halt the dumping of dredged material on the proposed Sizewell site. The pre-inquiry was told that approval for works had been obtained from the local authority.

The Suffolk group also complained of lack of information on environmental issues. The Central Electricity Generating Board undertook to provide full details by September 17.

Mr Paul Rowntree, for the Anti-Nuclear Campaign, and other anti-nuclear groups, said he was deeply concerned about the lack of funding for objectors to the scheme.

A further three or four-day session is scheduled to start on October 18 at Snape.

British Midland to seek London-Scotland fare cut

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A ONE-WAY fare of just under £50 is expected to be charged by British Midland Airways when it starts to compete with British Airways on routes between London (Heathrow) and Glasgow and Edinburgh this autumn. British Airways charges £55 single.

The precise British Midland fare, together with a package of other promotional rates, is being worked out. It will be filed with the Civil Aviation Authority this week.

British Midland expects British Airways immediately to reduce its own Shuttle rates to the lower level. British Midland will therefore compete directly on the quality of its service.

Mr Michael Bishop, British Midland chairman, said yesterday his airline would offer six flights a day each way between Heathrow and each of the two Scottish cities, using DC-9 jets.

Passengers, about 90 in each DC-9, will receive full airline meal and bar service. Special attention will be paid to both ground and in-flight service.

Mr Bishop emphasised that British Midland did not want to become involved in a price war with British Airways. He felt his airline's involvement on the routes would raise standards of service.

He said the threat of such competition over recent months had "forced" British Airways already to improve the quality of its own service.

British Midland's aim is to win about 20 to 25 per cent of the market between Heathrow and Scotland, or about 350,000 passengers a year out of the 1.17m now carried.

The airline's right to fly the Scottish routes was announced in Parliament on Monday after an 18-month battle. The airline's original plan was rejected by the Civil Aviation Authority but that decision was overturned on appeal to Lord Cockfield, the Trade Secretary.

Invergordon smelter hopes fade

By Mark Meredith, Scottish Correspondent

THE GOVERNMENT is expected to announce this week that it has been unable to find a buyer for the Invergordon aluminium smelter in the Scottish Highlands.

British Aluminium, which closed the huge smelter last December with the loss of 890 jobs, says the Scottish Office has not approached it to seek any further extensions to an agreement for the plant to be kept on a care and maintenance basis while a buyer was sought. It has agreed to two extensions so far.

The Government is expected to make a Parliamentary statement about the smelter today during Scottish question time.

British Aluminium says there has been one serious inquiry about buying the plant. Information was supplied but the inquiry was not followed up. It is considered unlikely there will be any further interest.

British Aluminium plans to start dismantling the smelter during August. It wants to remove and sell the aluminium bus-bars which supply current to the melting tubs. It also wants to strip parts of the plant to send to other British works.

The Invergordon action committee, made up of members of the Highland Regional Council and former smelter workers, has telexed the Government requesting a further postponement to the dismantling.

The action group earlier proposed that a special company be set up to buy the smelter from British Aluminium to hold the assets while a final buyer was sought.

Meanwhile at British Aluminium's rolling mill in Falkirk, between Glasgow and Edinburgh, trade union representatives have agreed to discuss a survival plan with management.

The plan involves new working arrangements designed to reduce overtime and alter the existing manning structure.

Cinema attendances plummet

BY ARTHUR SANDLES

A "HORRENDOUS" fall in cinema attendances in Britain over the past three months is alarming the industry. The drop in cinema-going could be as high as 40 per cent this year on last even though the 1981 figures were generally regarded as terrible.

Mr Mamoun Hassan, managing director of the National Film Finance Corporation, said yesterday the fall in attendances was very worrying. He warned that the infrastructure of the industry was in danger of being destroyed.

Mr Hassan was presenting the annual report of the NFFC, publication of which has been delayed by arguments between the corporation and the Government over its form.

The NFFC, which backs UK films, is supported by £1.5m drawn from a levy on cinema tickets.

The number of UK cinemas, and the number of people using them, is therefore of considerable importance to the corporation.

"It is generally accepted that films are unlikely to recover their production costs in the UK alone but their performance here is crucial; it can determine the extent to which distributors will support their promotion overseas and therefore determine eventual success or failure," says the corporation's report.

Early action, to stop the rot in cinema closures, is urged by the report. "It is an alarming fact that cinemas are closing down. Unless appropriate action is taken soon it will be too late to save them."

During the report's preparation the NFFC was also concerned about the state of Britain's production industry. On this front Mr Hassan is now happier. "It is very difficult to find studio space," he says.

The cinema position has however worsened.

Mr Hassan thought that by the end of the year admissions figures would be down by between 20 and 40 per cent. It was a peculiarly British experience.

In the U.S. audiences were up by between 5 and 10 per cent; in France they were up by 7 per cent; and in Europe as a whole cinema ticket sales were constant.

Roger Taylor

Fire destroyed the Civil Service Stores in London's Strand yesterday. Shortly after 5 am fire services arrived to find the eight-floor department store heavily smoke-logged. At 8.30 am the roof collapsed.

Firemen prevented the blaze spreading to adjacent buildings. Last night forensic experts were sifting wreckage to determine the cause of the fire.

The CSS store is owned by Country and New Town Properties, property developers, a London-based public company. The loss is estimated to be in millions of pounds. Yesterday was the start of the sales.

More than 100 fire officers tackled the blaze amid rush-hour traffic chaos. Some faced explosions by at least 20 acetylene cylinders left by workmen converting the store's rear into offices. Fire services say such cylinders are a rising cause of shop fires.

Two firemen were injured, one suffering suspected ear damage in the explosions, the other suffering the effects of smoke inhalation.

Country and New Town Properties is partly owned by The British & Commonwealth Shipping Company and by the Newton family.

Moroccan sugar deal plea fails

By Raymond Hughes, Law Courts Correspondent

A MOROCCAN state trading organisation, L'Office Du Thé Et Du Sucre, was refused leave by the Commercial Court yesterday to appeal against a $10.6m (£6m) arbitration award made against it by the Council of the Sugar Association of London.

The award followed the Moroccans' refusal to accept the last three deliveries under a contract by which they bought 100,000 tonnes of raw sugar from Philippine Sugar (Trading) London.

Mr Justice Lloyd said the Moroccan company had said it had been ordered by its government not to accept any more deliveries, following a fall in the market price of sugar. Philippine Sugar had taken the refusal as a repudiation of the contract and had gone to arbitration.

The Moroccans argued that the contract had been a manifestation of the developing relationship between the governments of the Philippines and Morocco, and that the latter's ban had been a typical case of force majeure preventing fulfilment of the contract.

The judge said the force majeure clause in the contract protected the seller but not the buyer.

He also rejected the Moroccans' application to remit the matter to the arbitrators on the ground that there had been a procedural mishap which had resulted in injustice to the Moroccans.

The Moroccans' argument that, unlike Philippine Sugar, they had not had the benefit of English legal advice and was devoid of all reality, said the judge.

L'Office Du Thé Et Du Sucre was a major state trading organisation, well able to look after itself. If it chose not to take legal advice, that was its own affair, he said.

The judge remitted the case to the arbitrators for reconsideration of the amount of the award, because the Moroccans had not been given an opportunity to put evidence of the relevant market prices of sugar, or to comment on the figures

Consultation call on N-waste dumping

PEOPLE must have a say on where radioactive waste is dumped, the Government was told yesterday.

The Association of County Councils said the Government should draw up proposals allowing public participation in planning issues concerning various types of radioactive wastes. There should also be regular monitoring of sites.

It said current requirements for the dumping of waste were "insufficiently sensitive" to the fears of ordinary people.

IFTC repayments hopes brighten

MR PATRICK SHORTALL, liquidator of the International Finance and Trust Corporation of Douglas, Isle of Man, said yesterday a scheme to allow a repayment to depositors was in the final stages of preparation. The corporation closed its doors on September 11 with a deficiency of £8m.

Ever-Ready to shed 160 jobs

ABOUT 160 of the 780 jobs at the Ever-Ready battery factory at Telford, Shropshire, are to be lost as a result of new production methods.

The redundancies, some of which will be by natural wastage, will be spread over the next few months. Management said the company would be making a substantial investment, which would improve its competitive position and help secure the long-term future of the Shropshire operation.

A Budweiser by any other name . . .

ANHEUSER-BUSCH of the U.S., reputed to be the biggest brewer in the world, does not have an exclusive right to use the trade name Budweiser in the UK, a High Court judge said yesterday.

However, said Mr Justice Whitford, neither has Budejovicky Budvar, Narodni Podnik, a Czech brewer which trades as Budweiser Budvar Brewery, an exclusive right to use the name.

Lower sales by textile test instruments company

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

A SHARP FALL in sales in the last quarter of 1981-82 contributed to a drop of 30 per cent in turnover by Shirley Developments, the Manchester-based textile test instruments concern.

This led to a pre-tax loss on the year of £16,700 which would have been even higher, according to Mr Brian Hamilton, the chairman, had it not been for a sharp attack on overheads.

The company was set up in the early 1950s at the instigation of the Shirley Institute and the textile industry. It handles and sells its own textile testing instruments as well as those for the institute and other organisations and companies.

Because of the sharp contraction in the textile industry the fall has continued into the first quarter of this financial year, Mr Hamilton told the annual meeting in Manchester yesterday. Orders received in the three months were 37 per cent down on the same period 12 months earlier.

"Present indications are that the year ahead is again likely to be a difficult one," he said. But he took comfort from the fact that Shirley Developments is now operating above the lowest point last year.

Shirley Developments has undertaken a campaign in the U.S. to boost its products. Mr Hugh Wyn Griffith, the managing director, spent most of March, April and May this year working from Spartanburg, South Carolina, in an effort to draw the attention of the American textile industry to its equipment.

This campaign is to be followed at the ATME-I exhibition, the fair of the American textile machinery manufacturers, at Greenville, South Carolina, in October where Shirley Developments will show a range of instruments with a high automation content, an important consideration to American buyers where there is a trend to high-volume testing equipment.

Mr Hamilton reported sales during 1981-82 were £313,263 compared with £453,448 previously. Export sales fell by 35 per cent and accounted for 74 per cent of total turnover compared with 79 per cent a year earlier. British sales fell by 16 per cent to £81,274.

Corporate bad debts up 27 per cent in six months

BY TIM DICKSON

CORPORATE bad debts increased 27 per cent in number—or more than 50 per cent in value—during the first half of 1982, according to the Association of British Factors.

By June 30, moreover, the number of customer accounts of factoring clients in legal hands was 4,077—a 22 per cent rise on last year's 3,330.

This new evidence of the difficulty which companies are experiencing in paying for their purchases comes against a background of accelerating use of factoring services by small and medium sized businesses.

Factoring is primarily a means of exchanging book debts for ready cash, thereby regulating cash flow and increasing working capital. Factoring companies will run a client's sales ledger, send out invoices to the client's customers, collect the monies owed and provide bad debt protection.

Within the overall volume of business all categories increased: domestic business was up 19 per cent to £670m, international rose by 12 per cent to £143m, and invoice discounting leapt 30 per cent to £313m.

The association says the higher volume reflects some overall improvement in the sales of long-standing customers.

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UK NEWS

Telecommunications lobby hits out

BY GUY DE JONQUIERES

LIBERALISATION of the telecommunications industry bas progressed slower than the Government wished and brought few advantages to the general public, according to the Telecommunication Engineering and Manufacturing Association.

The association represents most main suppliers of telecommunications equipment. It suggests in ita newsletter that the Gnvernment underestimated problems involved in setting up arrangements for product testing and approval.

It says that althnugh the liberalisation programme was launched last October manufacturers slill awaited publication of the first of the independent technical standards to which they would have to design subscriber apparaius.

The association says: "On the industry side it was very apparent that creating these standards and setting up the necessary machinery for approving equipment was going to take considerable time. In the event, this bas proved to be the case."

The Government's attempts to accelerate the programme by approving products on an interim basis ahead of full liberalisation had also brought few results.

"There is no significant increase in the variety of telephones on general sale to the public suitable for connection to British Telecom's network," the association says.

By mid-Jnne only one new telephone design had been approved for competitive supply while none of the six types of private automatic hranch exchange (PABX) selected by the Industry Department for testing had won approval.

"The experience of the past year has shown how difficult it is for a government department, such as the Industry Department, to mediate effectively between a state corporation and private industry in sucb a highly technical field as telecommunications," the association says.

In public the Government has insisted that liberalisation bas been a success though it bas agreed to examine ways of simplifying the arrangements for atandards and approvals.

Mr Jobo Bntcber, Parliamentary Under-Secretary at the Industry Department, is responsible for implementing the programme. He recently bit back at critics, claiming real progress had been achieved.

In private, however, ministers have expressed disappointment that little new equipment bas reached the market. They have blamed British Telecom, wbich has temporary responsibility for testiog new products, for not actlng faster.

Though the association says it has made a big contribution to liberalisation some member-companies bave been criticised by ministers for not offering for private sale more of the products which they at preaent aupply exclusively to British Telecom.

TEMA's members are the General Electric Company, Plessey, TMC, Siemens, Standard Telephones and Cables, Telephone Rentals, Thorn Ericsson Telecommunications and Whiteley Electronics.

Five areas to share EEC fund

By John Wyles in Brussels

FIVE REGIONS suffering badly from the decline of the shipbuilding industry are to receive EEC funds for a £14.2m programme focusing particularly on small and medium-sized business development.

More than half the cost of the programme, around £9m, will be provided from the controversial non-quota section of the European Regional Development Fund.

The money will be allocated up to 1985 to five areas which in the fonr years to Joly 1981 had lost 16,460 jobs through shipbnllding closures.

The non-qnota section acconnts for only 5 per cent of the £1bn regional fund and the European Commission wants to boost this to 20 per cent.

The plan has however run into strong opposltion from most member states hecause it would give the Commission an enhanced role in determining regional programmes and becanse some countries, such as West Germany and Belgium, would lose a guaranteed slice of regional spending.

The Commission wants the non-quota section to strengthen a region's local development potential through business aids rather than the purely physical investment generated by qnota section spending.

The largest sum from the EEC, £3.5m out of a total contribntion of £577m will go to Strathclyde. The EEC allocations to the other areas are: Cleveland £660,000 ont of £1.1m; Tyne and Wear £2.42m ont of £3.63m; Merseyside £770,000 out of £1.15m; and Belfast £1.65m ont of £2.47m.

Response to enterprise zones experiment pleases Government

ANTHONY MORETON looks at the history and performance of one of the Government's pet projects

THE GOVERNMENT'S move to increase the number of enterprise zones was almost inevitable, because it has been pleased with the response to what it saw as a worthwhile experiment.

The property world takes a very different view. It feels that the concept is unfair, in that it penalises developments alongside the zones, that It redistributes existing industry rather than creating new jobs, and that the gains or potential gains are spurious.

The Government claims the response in the 11 zooes bas been sufficiently encouraging to warrant another 11. And there is no doubt that several local authorities, most of them Labour controlled, will be queuing with applications to have part of their areas designated.

After Sir Geoffrey Howe announced the concept of enterprise zooes in his 1980 Budget speech, he received applications from over 30 authorities. Ooly 11 were successful so the new allocatioo will almost certalnly again leave some authorities disappointed.

Those 11 were carefully chosen. The Government was originally at pains to point out that it did not see enterprise zones as part of its regional policy. However, the list was carefully chosen to balance regional interests delicately.

Swansea, Clydehank and Belfast were there to represent national interests. Newcastle/Gateshead, Speke in Liverpool, Trafford/Salford in Manchester and the Isle of Dogs in London made up tbe original seven. To these were later added Hartlepool, Dudley, Corby and Wakefield.

The balance in the next trancbe will be broadly similar.

With inducements including 10 years free of rates and 100 per cent allowances on new commercial and industrial bnildings, the zones attracted interest immediatly and inquiries flooded in to the chosen authorities.

But how many of the companies which moved in merely moved up the road to take advantage of the financial aid, and bow many genuinely moved some ldstance?

The evidence on this is scanty and some times conflicting. A report for the Government by consultants on tbe first year of the life of the zones, published this spring, was careful not to draw any strong conclusions.

It found that the inducements were more likely to be effective for companies facing a shortage of land rather than deficient demand.

On the question of whetber the zones merely attract nearby industry and so redistribute rather than create jobs, the report was silent. A report on the zones' second year of operations is expected this autumn, and may have more to say on the subject.

One indication, from Clydehank, suggests there has not heen much movement "up the road," though this may be because the Scottish Development Agency, which runs the zone, Is looking for what it calls "additionality."

Of the 117 companies which have moved into the zone, creating a projected 1,500 jobs over three years, 47 are starl-up and 25 are hranch plants of operations elsewhere in the UK. Relocation, which comes closesl to tbe "up the road" category, brongbt in 35 and 10 companies cannol be categorised.

Some of the companies have certainly merely moved from Glasgow, but the SDA is anxious to see there is some degree of expansion involved if the company is moving a short distance.

In Newcastle/Gateshead, Mr A. D. Bulman, who beads the zone there, said 36 companies have opened within the zone, tbe bulk of which were local. He believed all were start-ups.

This sort of evidence will be welcomed by the Government, though it is hardly conclusive. It will encourage the new applicants for zone status, which are almost certain to include Sunderland and Sheffield.

The Government will take great care in choosing the new zones to ensure that they do not undermine the operations of those already established.

The Government Is also looking at the possibility of Introducing freeports to this country.

The concept of freeports has attracted considerable interest over the past 10 years, and Britain is one of the few countries which bas none.

A freeport Is a place where companies manufacture without liablity to rates, customs duties, corporate taxes or other government regulations. But the items produced in them are not allowed into the national economy—they are for export only.

The best known are those in the Far East, such as Hong Kong and Singapore, but there are freeports in Europe, such as Shannon in Ireland and Hamburg, aod there are over 40 in the U.S.

This could be the next experiment to come from the Government before the general election.

Howe refuses to stimulate demand

BY IVOR OWEN

ECONOMIC recovery is taking place, Sir Geoffrey Howe, the Chancellor of the Exchequer, insisted in the Commons last night when he looked forward to further falls in interest rates and forecast that inflation would be down to 7½ per cent by the end of the year.

His outright rejection of calls for early Government action to stimulate demand so as to prevent a further rise in the present record level of unemployment brought angry protests from the Labour benches and signs of restiveness among Government supporters.

Mr Edward Heath, the former Prime Minister, stalked out of the Chamber without saying a word while the Chancellor was in the middle of his speech, and Mr Edward du Cann, MP for Taunton and chairman of the 1922 Committee of Conservative back benchers, described the present situation as one of "crisis."

While reaffirming his support for the "thrust" of current counter-inflation policies he declared: "But it is time, high time, to cry halt to increases in unemployment and time to reverse present trends."

Mr du Cann argued that with the pound strong there was scope for a "substantial reduction" in interest rates.

Mr Joel Barnett (Lab, Heywood and Royton), chairman of the Public Accounts Committee and a former Chief Secretary to the Treasury, described the latest "palliatives" announced by the Chancellor to mitigate unemployment as "miserable."

They would have virtually no effect on demand, he maintained.

Sir Geoffrey reiterated his "firm belief" that falling interest rates would help to boost demand and do so in a way which gave assistance to companies where it was most needed.

He refused to accept the argument that because, in the view of some commentators, "money GDP" was growing more slowly than they had expected, it was possible for the Government to provide a fiscal stimulant which was consistent with the medium-term financial strategy.

The Chancellor declared: "Those who call for lower taxes, higher public spending and lower interest rates at the same time are deceiving themselves."

Sir Geoffrey was emphatic that the case for a further fiscal stimulus now had not been made out.

"We would not help business and industry and home jobs if we were to endanger confidence and so put at risk the prospect of a further fall in interest rates."

Sir Geoffrey made it clear that tax cuts feature in his longer term thinking by warning that it would be a mistake to introduce them prematurely.

Ignoring the jeers of Labour MPs he contended: "There is no reason now to depart from the steady economic policies we have adopted."

They were the policies which had led to "massive gains" in the battle against inflation and he promised that the Government would not be satisfied with the expected reduction to an annual rate of 7½ per cent.

He underlined the fact that it was the fall in inflation which had "created conditions for and will create conditions for falls in interest rates."

While insisting that economic recovery was taking place, Sir Geoffrey admitted that it was "uneven and frustratingly slow."

The Chancellor, who recalled that public sector borrowing was below expectations last year, said so far this year the figures were consistent with the Budget forecast. He also reported that monetary aggregates were growing well within the target range announced in the Budget.

Sir Geoffrey returned to the need for continued restraint in pay settlements and appealed for an early end to the National Health Service dispute. "No more money can be provided for NHS pay this year," he said.

The Chancellor came under fire from Labour MPs when he claimed that unemployment had been on a rising trend for 25 years. Despite the present record level, he said, it was rising at a significantly lower rate in Britain than in other industrialised countries.

Launching a full-scale attack on the Government's failure to prevent a return to mass unemployment, Mr Eric Varley, Labour's shadow Employment Minister, said millions of families throughout the country were cursing the day that Mrs Thatcher became Prime Minister.

While Ministers invoked patriotism and wrapped themselves in the Union Jack while dealing with some issues, when it came to unemployment the standard run up by the Prime Minister was the "white flag."

Mr Varley cited the once prosperous West Midlands as a classic example of the effect of Government policies which had sent unemployment soaring to a record 3.2m.

Unemployment in the West Midlands was now even higher than in Scotland and what was once the heartland of British industry had become a depressed area.

Condemning the measures announced by the Chancellor in advance, Mr Varley said they were totally inadequate. In some respects they were a "fraud"—a device to reduce the numbers registered as unemployed without reducing the

Bank over-lending attacked

CRITICISM of over-lending by some banks was made in the Commons yesterday by the Prime Minister, in reply to Mr Peter Tapsell (Con, Horncastle), a stockbroker, who spoke of growing anxiety about the stability of the international banking system, our Parliamentary Correspondent reports.

Mrs Thatcher said she was very aware of the kind of danger that any default by a bank would present. If this happened in one country, it could have a domino effect and go through a number of banks.

"We shall keep it very much in mind," she promised. "The thing is not to lend too much. A number of banks have been over-lent."

In his question, Mr Tapsell urged the Government to examine the matter before the annual meeting of the International Monetary Fund in September.

He suggested the Government might take the opportunity of that meeting to put forward proposals that would ensure that central banks had an even greater degree of co-operation on the supervision of their commercial banks.

Throughout Prime Minister's Question Time, Mrs Thatcher was faced with complaints from the Opposition about the Government's economic policies and the high level of unemployment.

"We are going to keep inflation going down," she told her critics. "It is extremely important. It is being reduced, but we still have twice the rate of inflation of Germany.

"It is also important to keep wage claims well within increases in productivity."

Mr Dale Campbell-Savours (Lab, Workington) urged her to heed the Confederation of British Industry's call for a further £1.8bn to be pumped into the economy.

Mrs Thatcher replied sharply that the CBI also wanted interest rates to come down, but you could not have that if you added £1.8bn to the public sector borrowing requirement.

Thatcher puts strong pressure on Cunard

By John Hunt, Parliamentary Correspondent

MRS THATCHER made it clear in the Commons yesterday that she was bringing the strongest possible pressure to bear on Cunard and British Shipbuilders to get the replacement vessel for Atlantic Conveyor built in Britain.

She disclosed that the Government had already promised subsidies of 30 per cent on the price of £45m which British Shipbuilders have tendered for the order.

The Prime Minister was confident that Cunard and its chief executive, Lord Matthews, would "play a patriotic part" by keeping the order in Britain, if the gap between British and foreign tenders could be narrowed enough.

She also indicated that British Shipbuilders should be prepared to cut their costs to the bone to narrow the gap between their price and foreign tenders.

"We are entitled to look for further co-operation from British Shipbuilders and as much co-operation as we can get on costs," she said.

The Government was prepared to play its part, and it was reasonable to expect the other two parties to do likewise. The 30 per cent was a "very considerable subsidy."

"We are now looking at further things we can do," she added. "The Government is giving and will continue to give co-operation because we want that ship built in this country."

Mrs Thatcher's remarks came in response to Mr Michael Foot, the Labour leader, who wanted to know what response she had given to the TUC economic committee, which met her to put the British case for the order earlier in the day.

Atlantic Conveyor, which was requisitioned by the Government from Cunard, was lost in action in the Falklands. Japan and Korea have put in much lower bids for the building of a replacement than the British one.

Mr Foot asked for an absolute assurance that the order would go to a British yard.

Mrs Thatcher repeated her strongly-held belief that the ship should be built in Britain. On the basis of the Government's support, she thought it reasonable that all parties should co-operate in a three-part package. The Government would do the very best it could to help; there should be a similarly constructive attitude from British Shipbuilders and its workforce and there had to be recognition by Lord Matthews and Cunard of the problems involved.

Foundry closures likely to be approved in August

BY JOHN LLOYD, LABOUR EDITOR

A PLAN to rationalise the UK's general foundry industry—with the loss of up to ten foundries and up to 1,500 jobs—seems certain to be approved by the major foundry companies next month.

The plan, promoted by Lazard Brothers, is to be formally put to F. H. Lloyd, the leading company in the industry, next month. However, it is now thought certain that Lloyd, which effectively vetoed the plan last year, will accept.

The unions in the sectors have said they will oppose the plan. The Confederation of Shipbuilding and Engineering Unions told Lazard last week it would not accept the level of redundancies, and that they regard the problems in the industry as stemming mainly from a flood of imports of cheap castings, especially from Spain.

Mr Alex Ferry, general secretary of the CSEU, said: "We believe that capacity has been cut back to such an extent that further cuts would mean the industry could not respond to an upturn in the economy. We think that attention should focus on imports, not on a further reduction in output."

The Lazard plan is for a reduction of nearly 15,000 tonnes, or 11 per cent, of the present output of 135,000 tonnes in the general (heavy and light) castings sector. Those companies which closed would receive compensation both from the companies which remain open and from the Government, which has said it would be willing to put up between £2m and £3m to support the scheme.

The precise basis on which the "openers" pay compensation to the "closers" has still to be agreed. However, it is likely to be based on a sum deducted from the "openers" future profits, over a five-year period.

Lazard has argued that two advantages will flow from the plan. First, it will immediately take "pressure off the over-capacity in the industry, and second, it will take the pressure off prices, which are regarded as too low for profitable trading.

It also believes that many of the "closers" will include companies which have set very low prices simply to stay in business.

The unions' opposition to the plan is not regarded by Lazard as an immediate obstacle, though it is acknowledged that it would be a problem for individual companies. The unions have not yet decided on the action to take if the plan goes through, since they will not be officially told of decisions on it until next month.

Tory MPs want tough union Bill

By Elinor Goodman, Political Correspondent

CONSERVATIVE back benchers yesterday launched a campaign to persuade the Government to widen the scope of its next Employment Bill well beyond secret ballots for internal trade union elections.

Over 100 Tory MPs signed a motion which amounted to a shopping list of all the proposals for trade union reform put forward by employer organisations over the last year.

Top of the list was the idea of making it compulsory for unions to ballot their members before embarking on strike action.

Mr Norman Tebbit, the Employment Secretary, said earlier this month that he intended starting consultations shortly over a new Bill which would deal primarily with internal trade union democracy. He indicated that it would almost certainly cover secret ballots for trade union elections, but he was very dubious about the idea of compulsory ballots before strikes.

There is a strong body of opinion on the Tory back benches, however, which believes that the Government should use this last attempt at trade union reform before the election to take a number of steps favoured by employer organisations.

The motion yesterday urged the Government to carry out consultations over a number of proposals. These included:

The Engineering Employers Federation's proposal to give employers the right to lay off without pay employees "rendered without work" as the result of industrial action at another company.

The idea, favoured in the past by the Confederation of British Industry, of removing the legal immunity from industrial action taken before agreed disputes procedures have been exhausted.

An end, in its present form, to the political levy paid by trade unionists.

Conservative trade unionists have long been campaigning for an end to the political levy. Recently, the Social Democrats have also made it an issue and some Tory MPs fear that the SDP might steal Conservative clothes over trade union reform unless the Government takes action.

Fury greets Heseltine penalties

BY OUR PARLIAMENTARY CORRESPONDENT

FURIOUS LABOUR reaction greeted Mr Michael Heseltine, the Environment Secretary, in the Commons yesterday when he announced the financial penalties he was imposing on overspending local authorities.

He told the House that he was cutting £201m off the grant available for 1981-82 for those local councils which breached the financial ceiling laid down by the Government. During the current year, he said, grants to overspending local authorities would be reduced by £312m.

Some Tories voiced support for Mr Heseltine's proposal but there was a more muted reception from others which reflected the concern felt about the effect on local authorities in their own constituencies.

There were sceptical jeers from the Labour benches when Mr Heseltine insisted that despite these cuts the level of rates was entirely a matter for each local authority to decide.

"If they budget to spend within the guidance figures I have proposed many authorities may find they need no rate increases at all, Mr Heseltine said. "That is the prize. With moderate pay settlements and careful budgeting it can be achieved."

Mr Gerald Kaufman, Labour's environment spokesman, accused Mr Heseltine of "baleful meddling and harassment" of local authorities. He said the announcement would mean record high rates, worse services and a further 100,000 job losses.

"You have inflicted unparalleled damage on our system of local government," he declared. "We must hope this rate support grant announcement will be your last."

He accused the Secretary of State of prescoting figures with the deliberate intention of misleading the House. Although Mr Heseltine was saying that he was increasing public expenditure for local authorities by 4 per cent the fact was that this figure made no provision for inflation.

In real terms, Mr Kaufman said, the Government was cutting the rate support grant by 2 per cent, a figure of £258m. This would particularly hit the inner cities.

Mr Christopher Price (Lab, Lewisham West) chairman of the Commons Select Committee on Education, pointed out that many local authorities were being warned by education inspectors that they might be breaking the law because their provision was dangerously low.

Mr Tom Urwin (Lab, Houghton-le-Spring), said that the proposals would have an injurious effect on social services and would mean a "further devastating cut" in local government.

Mrs Angela Rumbold (Con, Mitcham and Morden) was concerned that councils which kept within the expenditure guidelines should not be penalised along with those who flagrantly overspent. But Mr Heseltine stressed: "I have to ask all local authorities to look for further economies."

Mr Stanley Clinton Davies (Lab, Hackney Central) said the policies being advanced by Mr Heseltine were those of a "miserable" ideologue." Another Labour MP, Mr David Stoddart (Swindon) described Mr Heseltine as "an itinerant axeman."

Mr Jack Straw (Lab, Blackburn), a Treasury spokesman for his party, said that no economic forecast was predicting that inflation would drop lower than 7 per cent. If that were the case, local authorities would inevitably have to cut back on their services as a result of Mr Heseltine's proposals.

But the Environment Secretary insisted that the provision of services would depend more on the level of wage settlements for local government employees.

Party staff to picket Labour's executive

By Our Labour Staff

MEMBERS OF the Labour Party's staff will today mount a picket in support of their pay claim when the National Executive Committee holds its monthly meeting.

The staff are angered by being offered no rise for next year, at a time when the party's senior managers will take an 11 per cent increase under a long-term deal.

They have threatened a limited campaign of industrial action, including an overtime ban and selective all-out stoppages, if the picket has no effect. If the issue remains in dispute, they are threatening to stage an indefinite all-out strike in September, just before party conference is held.

Mr Nick Sigler, secretary of the joint trade union committee at the party's South London headquarters, said yesterday that a meeting of the entire staff had been called for this afternoon, to be addressed by Mr Jim Mortimer, the party's General Secretary, and Mr Doug Hoyle MP, a member of the NEC.

However, Mr Sigler said that the unions would boycott the meeting, since it was designed to gain support for the management's position and by-passed the union's negotiators.

Labour party managers have argued that the wages freeze is necessary because of the party's £500,000 deficit and because of the unions' insistence that it make economies.

TUC Council faces row over Aslef

BY JOHN LLOYD, LABOUR EDITOR

THE TUC General Council will be faced at its meeting today with fierce criticisms from Left-led unions over the decisions of its "inner Cabinet" not to support the train drivers' union Aslef.

However, the leaders of those unions who have lodged formal dissent from the decision 10 days ago of the TUC's Finance and General Purposes Committee will not be present. The revolt is not expected to be serious.

Members of the committee, who include some of the major union leaders, believe the Minutes of the special meeting on Aslef—unanimously endorsed by the routine meeting of the committee on Monday—show the committee was united on the strategy, and on the advice offered to Aslef to accept flexible rostering and call off the strike.

A key passage in the minutes says the committee's statement on the dispute—which was put to Aslef and which convinced the union it had no alternative but to accept flexible rostering and return to work—was "accepted unanimously by the committee as a basis for inviting the views of Aslef."

The minutes record that some members of the committee initially argued that the committee should not advise Aslef to accept the new rosters, merely to return to work. But prolonged discussion on the issue achieved agreement that, should British Rail reject that tactic, then Aslef would be advised to accept.

They also show that Aslef attempted to change this position, accepting that its members should end the strike but committing itself only to calling a delegate conference to "seek authority to negotiate more efficient methods." This, however, was rejected by the committee.

Since the committee contained a number of leading left-wingers, including Mr Alan Sapper, general secretary of the cinema and TV technicians' union ACTT and TUC chairman and Mr Moss Evans, general secretary of the Transport and General Workers Union, it is thought a strong campaign of protest will be difficult to get off the ground.

However, this has not prevented letters and motions from unions, couched in the severest terms. Mr George Guy, general secretary of the Sheetmetal workers' Union and a General Council member, wrote to Mr Murray on July 19 saying that the decision on the train drivers' action should not have been taken by the committee but by a full emergency meeting of the General Council.

Mr Guy says the health service workers' confidence in the TUC's support for their pay campaign must have been severely shaken, and that Mrs Thatcher "must be drunk with her success" over Aslef.

He continues: "If we ever have to call on Aslef for their support, I can see them giving us a Harvey Smith (a dismissive gesture) and who can blame them?" He says the thought of Mr Terry Duffy, general secretary of the Amalgamated Union of Engineering Workers, and Mr Sid Weighell, general secretary of the National Union of Railwaymen, "browbeating Aslef into accepting"... British Rail's terms "boggles the imagination."

He concludes: "It says much for the working class that regardless of these self-inflicted wounds they will rise again."

In his reply to Mr Guy—who leaves on a long-arranged foreign trip today with Mr Ken Gill, general secretary of the white-collar engineering union AUEW-Tass and another critic of the F and GP's decision—Mr Murray said the decision by the committee was both a united, and a difficult one. He said he shared Mr Guy's confidence in the trade union movement to surmount all difficulties.

The Fire Brigade's Union has submitted a motion from its executive to the General Council, which "totally condemns the decision of the Finance and General Purposes Committee." Mr Ken Cameron, the FBU general secretary, is not expected to attend today's meeting because of prior arrangements.

Task force 'unhelpful' to reporters

By Andrew Whitley

JOURNALISTS WITH the British task force sent to recapture the Falkland Islands were accused on several occasions by naval and other officers of endangering the operation through disclosure of military positions.

However, the small contingent of 29 British journalists felt senior Navy officers and civilian Ministry of Defence Press officers had been deliberately unhelpful.

Relations between the journalists and service officers on board ship deteriorated to such a pitch that on May 9, shortly after the battle for the Falklands had begun in earnest, the entire group told their London offices that they wanted to leave unless their treatment improved.

Strong criticism of the way in which the authorities handled the release of information and the low priority given to news coverage was heard yesterday during the third day of hearings by the House of Commons Defence Committee into the media's role during the conflict.

Mr Brian Hanrahan, of the BBC, told the committee of a stinging rebuke he had received in a telegram from the Defence Ministry in London, which accused him of giving away British positions on Mount Kent, outside Port Stanley. This, he noted, was two days after the battle had begun.

He and Mr Michael Nicholson, of ITN—the two television reporters with the task force—spoke of constant frustrations they suffered as a result of the "inconsistency and ineffectiveness" of the censorship.

Reports of the ceasefire on June 14 were prohibited "so as not to jeopardise the negotiations," on the instructions of a Press officer who later admitted he misinterpreted instructions from London.

Mr Nicholson proposed that in similar future situations, British correspondents should be regarded as an integral part of the overall operation

Mellish threatens to resign if Tatchell is endorsed

BY MARGARET VAN HATTEM, POLITICAL STAFF

THE LABOUR Party row over the selection of Mr Peter Tatchell as prospective candidate in Bermondsey, flared again yesterday when Mr Robert Mellish, the sitting MP and former Labour Chief Whip, threatened to resign his seat and prompt a by-election.

In a letter to the Standard Mr Mellish said he would resign if the national executive committee, which earlier rejected Mr Tatchell, now endorsed him as candidate.

Mr Mellish's letter, which put on record what he has been saying privately for some time, left open the possibility that he might stand against Mr Tatchell in the by-election.

Senior party members believe that if he did so, he would almost certainly hold the seat causing Labour to lose what has, until now, been one of its safest constituencies.

They are hoping that the NEC will delay its decision until after the party conference in September or even later when elections may produce stronger right-wing weighting on the NEC. That would increase the possibility of Mr Tatchell's being rejected again.

The row first erupted last year when Mr Michael Foot, the party leader, declared in the Commons that as far as he was concerned, Mr Tatchell would never be Labour candidate for Bermondsey, and the NEC subsequently rejected the candidature.

That took place amid fears that Mr Mellish might co-operate with the Social Democrats to prompt a by-election which either Mr Roy Jenkins or Mrs Shirley Williams, both of whom were still casting around for parliamentary seats, would have been well-placed to win.

Mr Foot recently withdrew his opposition to Mr Tatchell whose name was once again submitted to the NEC. It is due to rule on the matter in late September or early October.

Chequebook journalism denounced

EXPRESSIONS of "disgust and revulsion" that relatives of the Buckingham Palace intruder, Michael Fagan, and the girl friend of the murderer, Barry Prudom, could sell stories to newspapers if they chose, were endorsed by a Government Minister in the Lords yesterday.

Lord Elton, Home Office Under-Secretary said the Government was awaiting "with interest" the outcome of the Press Council's current inquiry into the problem. "We hope this will result in proper regulation of the practice."

Baroness Sharples (Con) had spoken of the "disgust and revulsion one feels if you read after Prudom's death . . . four pages, on two days running by his girl-friend. Whether she was paid, I have not been able to check."

Lady Sharples added that there was a chance that Fagan's relatives would try to sell his story.

Lord Elton told her: "Your concern is that crime should not pay, even by way of a journalist's chequebook.

"We can, of course, prevent a prisoner sending copy out of prison to the media. However, there are great practical difficulties in framing wider legislative controls as you suggest and there are good grounds for preferring the voluntary approach."

The Minister said the Government was aware of and shared the distaste about the practice. He added that the Press Council's inquiry was set up after the trial of Peter Sutcliffe, the Yorkshire Ripper, last year and after public outcry about the alleged activities of certain newspapers

Construction compromise on funding

By Ivo Dawnay

COMPROMISE proposals on founding for the National Agreement for the Engineering Construction Industry have been accepted by representatives of unions and employer organisations after nearly 11 months of talks.

But the new budget still needs formal endorsement by the full National Joint Council and member companies as well as the approval of clients, before it is confirmed.

The executives of the two principal employers' bodies—the National Engineering Construction Employers' Association and the Oil and Chemical Plant Constructors' Association—are expected to meet shortly to discuss the plan.

A settlement of the issue is vital for the survival of the national agreement which was signed with construction unions last September in a move to end years of poor industrial relations on mechanical construction sites.

It will also clear the way for the appointment of a full-time director and secretary for the NJC—posts that have remained vacant owing to uncertainty over the future of the agreement.

The wrangle centres on the money made available by the employers to finance the NJC's permanent secretariat which monitors the working of the agreement.

Bank disruption threat

BY BRIAN GROOM, LABOUR STAFF

MEMBERS of the Banking, Insurance and Finance Union have voted overwhelmingly for a campaign of industrial action over the planned closure of Midland Bank's loss-making registrar's department.

Midland wants to run down the department, which handles share registers for 135 companies, and close it in July 1983.

It is trying to redeploy the 106 staff, based in Sheffield, but has refused to guarantee continued employment for all of them.

The bulk of the staff are in Bifu and a ballot has resulted in a 97 per cent majority for industrial action. This will begin on August 9 if the union's national executive sanctions it.

The first stage will be a refusal to co-operate with the transfer of share registers from the bank. The action will be stepped up quickly if the bank continues its refusal to guarantee jobs.

A second stage is likely to involve disruption of dividend payments to up to 700,000 shareholders in the 135 companies. Payments to Midland's own shareholders, due in October, could be a key target.

Other companies whose registers are with the Midland include Dunlop Holdings, Tesco Stores Holdings, Standard Chartered, Britannia Arrow Holdings, Sedgwick Group, Glynwed and Dowty.

Bifu is trying to enlist individual companies from the effects of the action if they agree not to withdraw their registers from the Midland.

Support has been pledged at the bank's computer centre at Pudsey, Yorkshire, by Bifu members who process data for the registrar's department.

Trident defended by Trenchard

BY LYNTON McLAIN

LORD TRENCHARD, the Minister for Defence Procurement, opened a debate on the defence White Paper in the Lords yesterday with a denial that the Trident nuclear missile was being bought at the expense of conventional forces.

The main reason for the "resource problem" at the Ministry of Defence, he said, was the increase in the cost of conventional arms and equipment. The cost of these items had increased over recent years at an annual average of between 6 per cent and 10 per cent more than the rate of inflation.

"As equipment gets more powerful every year, it also gets more expensive."

Trident expenditure was still "at a very low level and will average only 3 per cent of the defence budget spread over the next 15 to 18 years," the minister added.

He criticised opponents of Trident who "continue to equate the cuts in numbers of some units (of the armed forces) with the cost of maintaining an independent nuclear deterrent."

To equate Trident with the necessary changes in an age of change in the allocation of resources is a "demonstrable non sequitur and is not based on logic."

Ruling on Co-op pensions

THE Manchester-based Co-operative Bank has beaten off a union move for the pensions of its 3,300 staff to be brought into line with those for staff in the big-four clearing banks.

Three Appeal Court judges ruled there were basic differences in the way the Co-op operated which prevented pension provision for its staff being compared with those in the other major clearing banks.

The judges allowed an appeal by the Co-operative Bank against a High Court order won by the Banking, Insurance and Finance Union for its equal pension rights claim to be investigated afresh.

The ruling means the Central Arbitration Committee will not now have to rehear the union's claim for pension parity for Co-operative Bank Staff.

The union had complained that the Co-op pension scheme compared unfavourably under the 1975 Employment Protection Act with the pension terms offered in the big clearing banks.

Lord Lane, the Lord Chief Justice, said the CAC ruling against the union should be restored. They had correctly said the discrepancies between the pension schemes in the Co-op and the major clearing banks were due to dissimilarities between the two compared organisations.

Lord Justice Waller said that unlike the clearing banks the Co-op was part of the Co-operative Wholesale Society system where terms were settled individually and other arrangements applied.

Sealink is delayed

By Our Labour Staff

SEALINK ferry sailings from Weymouth to Cherbourg and the Channel Islands were delayed for several hours yesterday as seamen held a mandatory meeting in support of a three-week strike in Harwich over proposed wage cuts.

Little or no disruption to holiday traffic in other ports was reported. The National Union of Seamen has called for meetings this week on all ships owned by all the ferry companies.

The union will decide on Friday whether to step up the action.

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TECHNOLOGY

EDITED BY ALAN CANE

New ways of welding metals do not arise very frequently but a Leatherhead company has fresh ideas

How to exploit frictional heat welding techniques

BY GEOFFREY CHARLISH

GENUINELY new ways of joining metal parts together do not arise very frequently. If the claim is for a new method of welding then the experts' suspicions are immediately aroused.

A few years ago Jane Luc of LUC Tecbologies, Leatherhead — who does not claim to be an expert in welding — believed sbe could extend the idea of friction welding into a completely new area.

Friction welding is now an established technique for joining pipes, for example. One of the lengths is clamped and the other is rotated at sufficient speed so that, when butted against the clamped pipe the frictional heat is enough to weld the two together by the time the rotation ceases. The technique can be used wherever one component can be rotated into or on to another.

Mrs Luc's idea — and according to the Welding Institute no one had previously considered it seriously — is to use a bigh speed rotating disc whicb, when run down a narrow overlap of thin sheets, welds them together by frictional beat and a certain amount of ultrasonic energy generated at the contact point.

Jane Luc's problem has been in developing and then exploiting the process—essentially a question of cash. Things are moving forward now, however, with financial assistance, believed to be in the region of £100,000 from Innotech, the private London-based technology investment company.

Innotech has already made investments in companies such as ATS of Haywards Heath and Data Dynamics of Hayes; it has assisted six high technology companies in the last 14 months.

The Welding Institute in Cambridge has looked at the process and clearly has nothing seriously negative to say about it, although complete hermeticity of the weld in metals may be in question.

The process is both fast and versatile with thin materials (up to 0.5mm)—plastics as well as metals have been joined and it is possible to join copper to glass for example.

Linear welding speeds between 100 and 500 mm/sec. have been obtained and it is hoped to extend this to two metres per second—extraordinary if it can be achieved. The thin sheet can just as easily be joined to thick plate or some other solid component.

Welds do not have to be in a straight line and there is no limit to their length. Butt welds of aluminium sheet or foil for example can also be produced, or sheet edges can be joined to faces.

A useful feature is that any surface coatings are initially removed by the disc. This makes the welding, for example, of flat flexible multi-conductor cables to the end connectors on printed circuit boards a simpler matter since the iosulation does not have to be removed first. Such connections can he made in a second or two.

There may turn out to be other rather delicate joining operations that the process can tackle: if the rotational and linear speeds are properly chosen very little pressure of the wheel on the work is reqnired.

Dissimilar metal combinations that can he joined include copper/aluminium, copper/steel, steel/aluminium and stainless steel/carbon steel or aluminium.

With the right conditions the process can operate without any downward pressure at all, making it possible to unile aluminium, silver, gold or copper connections to such materials as glass, ceramics, silicon and some crystalline materials, without damagiog them.

It is even possible to weld metals to certain types of plastics such as polyester, polyamides and fluoropolymers, giving high strength joints.

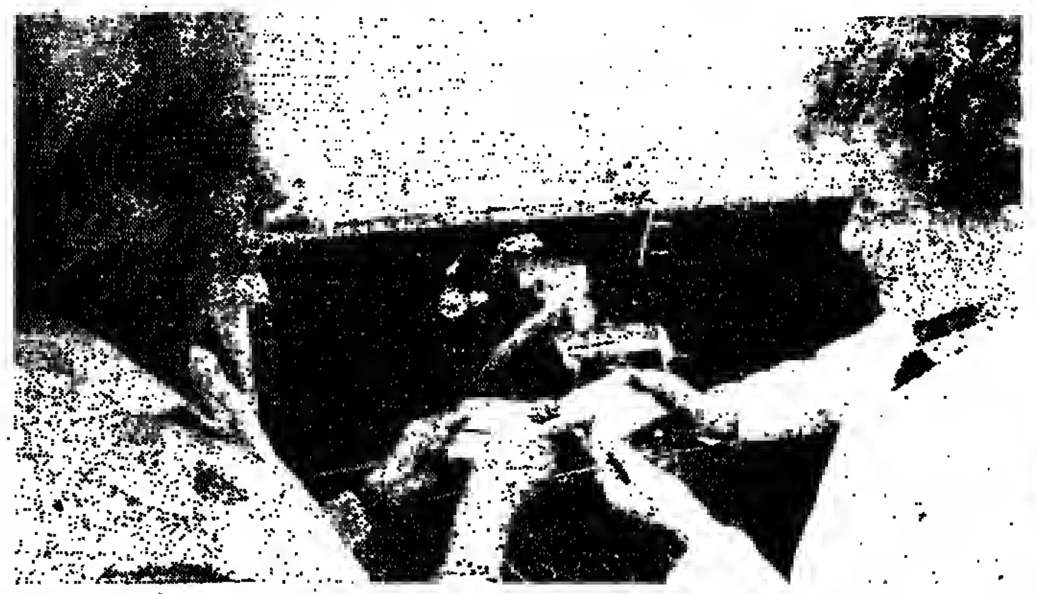
A likely area of interest is in sealing plastics containers aod bags in the packaging industry. At the momeot, certain types of plastics are coated—at added expense—to make them easily beat sealed.

The friction process will seal the materials without coating. In addition there is no "dwell" time of the kind usually associated with heat sealing equipments.

Luc Technologies has identified a number of other applications. For example, the side seam of cans can be quickly welded, as can heat exchanger structures. It is also possible to weld cable sheathing and screeoiog at high speed, or microweld electronics assemblies.

Recently, British Telecom at Wembley took delivery of a machine that will be used in submarine cable jointing operations. The corporation says the metal conductors can be welded "at speeds up to 25 cm/sec without the use of consumable materials or gas."

Thus, apart from being fast, the process has the merit of relative cleanliness and it certainly consumes less energy



Mrs Jane Luc, technical director (left) and Mr Ben Ryan, projects engineer, examine copper to aluminium welds produced on th e friction seam welding equipment

With plastics, contamioation of the film to be sealed does not affect the results. Seals have been made through liquids sucb as water, milk and oil, over frozeo produce and through solid particle contaminant layers.

The process eveo has space applications. At the European Space Technology Centre in Holland a carbon fibre parabolic microwave "dish" was clad with aluminium foil by the Lucs welding unit.

More from the company at Randalls Road, Leatherhead, Surrey (0372 375342).

Power train components for electric vehicles

Schenectady $3.1m contract

U.S. GENERAL ELECTRIC'S Schenectady, New York, research laboratories, has been awarded a $3.1m contract by the Ford Motor Company to investigate power train components for electric vehicles.

The work will form part of an overall power-train project that Ford is conducting under a $6.8m research contract from NASA (which manages propulsion research for the U.S. Department of Energy).

The systems to be developed by the Ford/GE teams will use an induction motor with an automatic gear / transmission unit integrated into a common housing on the front wheel axis.

GE will be designing and building the AC motor, the power inverter needed to change DC power from the battery into AC, and an electronic drive control.

Prime contractor, Ford, will look after the design of the power train as a whole, the trans-axle and also the microprocessor-based vehicle control system. A common oil system will both lubricate and cool the system.

Delivery of two experimental systems for DOE/NASA is expected in the spring of 1985.

Innovation in energy control of buildings

Cadring network from Holec Energy

ONE OF the innovations in a new range of energy control systems for buildings introduced by Holec Energy is a form of local area network the company is calling Cadring.

Simultaneously, the Horsham company has introduced a number of controller and supervision units that cao be connected into the ring along with such items as phone line autodiallers for external data communications, printers and mainframe computers.

All the items on the ring cao "talk" to each other, giving far greater flexibility of control compared with the company's previous arrangements of a central computer addressing the ouslations.

Cadring takes the form of a ring of microprocessor controlled boards called communication node controllers (CNCs), which are linked together on a 20mA current loop cable.

Cadring has some similarities to the Cambridge ring but allows for the long line distances encountered industrially and runs at much lower speed (1200 baud).

A particular advantage of the approach is that supervisory units can be located wherever they are needed. More on 0403 69612.

New machine tools for old

Rebuild service in Worcester

IT'S a sort of old lamps for new service. Aladdin's Cave for the machine tool user is at the 14-acre factory of H. W. Ward, Blackpole, Worcester (0905 52524) where the company will take your ancient machine tool and turn it into a new one.

For about three years the company has offered a rebuild service for its own manufactured machine tools. Now whether you use an Eastern European or Japanese machine tool, Ward will rebuild it as part of its extended rebuild service.

The service is designed for both major engineering companies and small machine shops. The machine tool can be rebuilt by experts among the 500 plus workforce of Wards and retooled for specific and different operations.

Tom Howe, Ward's Customer Liaison Manager, says that the company can take any existing machine tool, tear it apart, and after rebuilding, it can be as good as new and in some cases better than when it was bought.

A typical programme would include a complete strip down of the macbine and a steam clean. All wiring is scrapped and bydraulic equipment replaced, if necessary.

Castings are checked for cracks and sent to production departments for machining, regrinding and rebuilding. For example a headstock is examined and new gears drawn from store, or, for older machines, cut and machined to exact specifications.

Mr Howe claims that Wards is now so equipped that short of obtaining a new casting no part of a machine, manufactured in the UK or abroad, needs to leave the Worcester factory for repair.

There isn't mucb new technology in this service, except that the company also does a paint job so that the customer—he is free to visit Wards at any time to see how his job is getting along—receives bis machine tool looking better than it was originally.

Tom Howe in the depressed Midlands, is perfectly bonest. "With 14 acres and 500 people to support we need the business," be says.

It's an area noted for invention and know-bow and machine tool users in need of refurbishment and a respray (he might do your Jag as well) should contact Mr Howe.

MAX COMMANDER

Handling

Rackstacker crane

INTEGRATED HANDLING, a Midland company which specialises in the manufacture of adjustable pallet racking and narrow aisle trucks, is now offering the Rackstacker, a crane designed for high density storage installations between six and 20 metres above floor level.

Operating at speeds between 120 and 180 metres a minute the Rackstacker is primarily a pallet picker with 1 ton capacity at 24 inch load centres. The company also offers a variety of branched or loop rail layouts. More details from the company at Pensnett Trading Estate, Brierley Hill, West Midlands, 0384 270221.

Flowmeter

Accuracy of 1 per cent

WARREN JONES Engineering of Telford Road Industrial Estate, Bicester (08692 46691) has introduced its Raoger flowmeter for open channels and drains. The instrument includes a flow recorder, non-contact ultra-sonic sensor microprocessor and random access memory. In a well maintained flume or weir flow rates to an accuracy of 1 per ceot can be recorded.

Avery weighs up the GEC influence

Lorne Barling reports on changes that followed the acrimonious takeover battle three years ago

FEW TAKEOVER battles have been as hitter as GEC's ultimately successful campaign three years ago to acquire Avery...which for many years had dominated the weighing machine business in Britain aod the Commonwealth. Nor have many post-acquisition transformations been as dramatic.

At the time of the takeover, Avery was having difficulty keeping pace with the growing impact of microelectronics on the heavily mechanical weighing machine industry. So along with extensive rationalisation, the installation of new production facilities and substantial changes in management procedures, GEC has had to give a key priority to the development of new products aimed at international markets.

The essence of recent change in the weighing machine technology has focused on two areas: the use of new load cells—the hollow metal structures on which load stress changes are electronically measured—and microprocessor based electronics for calculation and display purposes.

The greater use of electronics also has implications for the linking of machines of all kinds, from industrial weighbridges to those used in multiple stores, to central computers.

This was part of the challenge facing Avery's new managing director, Keith Hodgkinson, formerly head of GEC Measurements, when he joined the company seven months ago, although important work on product development had already heen carried out under the direction of the new assistant managing director, Tony Kirkman.

The new management acknowledges that the old Avery was going in the right direction technically, but believes the pace was not fast enough because the previous management structure was unsuited to rapid technical change. This view is supported hy the production manager, Philip Hart, who joined Avery shortly before the takeover and now says he was frustrated at the lack of progress.

Investment in load cells

Kirkman's view is that Avery had a first rate mechanical products range, and excellent service and distribution channels, "but was responding too slowly to change. One cannot help thinking of a dinosaur. A very strong animal, but it took about five minutes to realise something had hitten a chunk off its tail."

One of the crucial decisions of the new team has been to invest heavily in load cell development, rather than rely entirely on bought-in cells. Though some industry observers doubt the wisdom of such a move, given the cheap price offered by specialist manufacturers, Avery believes it is justified on the grounds that it will soon he able to produce cells at lower costs and, it believes, of better quality. Perhaps more significantly, the company wants to be advanced in this key area in order to be able to take the right technical steps in future.

Another basic decision to be made was whether the new market trend towards cheaper, less robust retail scales such as those imported from Japan, was significant in the long term, possibly because technical advances would in any case limit machine life.

Avery took the view that lower prices were indeed important — its new retail scale, the 1790 Commander, sells at around £950, compared with £1,400 for its predecessor two years ago — but that product quality should also be maintained.

As a result, accurate development and production costing has been vital.

Around 1,600 employees have left the company since the takeover in November 1979, nearly all voluntarily, since a two year "no-redundancy" clause was wrung out of GEC by the unions during the takeover negotiations. Some small operations in other parts of the country have been shut down, and the UK workforce has now stabilised at around 2,600. The total, including sales and service employees and those abroad, is about double that figure.

Since GEC took over, around £10m has heen invested in Avery, mainly in automating electronics production, data processing systems, re-training and in new products, which are being introduced at the rate of two a month over a 12 month period. So far 11 of these bave been launched and by March next year 70 per cent of orders taken will be for new products, according to Kirkman.

The company has regarded efficient supervision of such rapid product development, in conjunction with the restructuring of management and major physical changes on the Smethwick site, as a vital element in Avery's recovery.

Kirkman joined the company only 18 months ago and bas a background in the weighing machine industry. Keith Hodgkinson says: "Tony was brought in after we realised we had problems to sort out oo the product side, and be bas knocked our development effort into shape. Avery was then profitable, but not enough bad been done to see it through the recession."

The approach Kirkman adopted involved setting up project teams for identified product developments, with personnel from sales, marketing and production departments being assigned to each team. The result was faster product development, but equally important, new products met international market requirements and were produced in accordance with tightly controlled cost targets.

Avery's engineering organisation was also restructured into retail, industrial and transducer sections (the three main product groups), each headed by a chief development engineer, and a new development procedure was adopted to improve cost and time planning and control.

The management policy changes at Avery which have included the establishment of project teams for product development and the reorganisation of the engineering side has taken place under the direction of Douglas Gadd, managing director of GEC-Avery. Gadd was also a former managing director of GEC Measurements, where he developed many of the managements concepts now being employed at Avery.

Financial management has been strengthened with the arrival of a finance director from GEC, efforts bave been made to instill "GEC urgency" into overall management services. Of the seven new emembers of the Avery management team, six are from GEC, and a number of second-line managers have been promoted.

However, his real enthusiasm is for directing the creation of new products which be believes will make Avery a truly international force. Ironically, Avery won a Queen's Award for exports in 1976, but its leadiog retail macbine, designed in 1972, was dated even then and decline followed.

Kirkman believes that for a long time Avery enjoyed a false sense of security in many Commonwealth markets, mainly because weights and measures regulations followed the British pattern, and consequently favoured Avery products. But many of these were mechanical and nearing the end of their life.

The design of new products has therefore included a number of devices to make them widely acceptable, notably electronic flexibility which allows them to be adjusted and used for any combination of weight and currency.

This flexibility also applies to machine configuration, notably on the 1790 Commander. This is offered in "mix and match" form with optional items such as a printer which can be added under the weighing platform. Various types of digital display are available, depending on counter height.

Simplicity of operation bas been a major objective, and the Commander bas eliminated the need for the operator to remember and enter prices, since these are stored in a programmable memory. Price can be entered simply by touching the displayed name of a product.

Considerable research effort bas also gone into designing a flat vinyl keyboard which is cheap to produce and easy to adapt for various markets. "The aim is to increase operator speed, to improve accuracy and avoid losses on transactions and to take up as little counter space as possible," says Kirkman.

Memorise new postal rates

Other new products include micro-processor mail room scales which memorise new postal rates and can be automatically linked to franking machines. A Post Office version is expected to be sold in volume in the UK and abroad.

On the industrial side, which accounts for around 50 per cent of the company's sales, two new weighbridge designs have been completed. One of these is claimed to be the most accurate in the world, with automatic calibration which virtually eliminates temperature drift and even compensates for rain falling on a platform.

In tbe past year, Avery bas experienced a 12 per cent increase in UK sales of its existing industrial products, which include scales for factory use, while retail product orders have risen by only 5 per cent. The company, nevertheless, regards this as creditable in a depressed market and without the new product range.

Sales of electronic retail systems, which peaked in Britain about four years ago when multiple stores moved from a mechanical to an electronic base, are not expected to be strong in the UK in coming years. Similarly, recession in manufacturing industry is likely to restrict growth in that UK market, Avery believes.

"There is a definable limit tu growth in the bome market, and we are therefore looking for most of our expansion through better sales abroad," says Kirkman, who points out that Avery already has a strong foreign presence, with 12 wholly or partly owned subsidiaries worldwide. Exports now account for around 50 per cent of new goods sales, compared with 40 per cent two years ago.

The "mix and match" approach is seen as being particularly attractive to foreign distributors, since they will be able to offer a wide range of machine capabilities while carrying only limited stocks.

A prime foreign target will be Western Europe, a market traditionally dominated, because of weights and measures regulations, by the major domestic producers in each country. However, electronics have now virtually eliminated that problem and applications for approval of Avery equipment are being made in numerous countries, though this can take up to 12 months.

"If we want Avery to be twice its present size, 80 per cent of our growth will bave to be overseas," Kirkman says. He claims that a key fatcor in tbis will be Avery's improved load cell technology, in which aluminium is said to bave been used successfully in volume production for the first time.

This is seen as an important advance, since load cells are high value components and heavy investment bas gone into the design of high accuracy high quality cells. In the case of weighbridges, only the cells and electronics are normally exported.

Internationally, the greatest potential competition for Avery comes from Japan, whose products are modern and well designed, and which bave made inroads into export volumes in traditional markets. The company is aware that it must keep pace with the flow of new products from that source.

Partly for that reason, Avery investment in electronics manufacturing equipment has been strategic, aimed at giving cost effective batch production for both high and low volumes, with the capacity to gear up quickly to meet higher demand without significantly increasing the workforce. The equipment is also adaptable to new technology, and work on the second generation of new Avery machines is already advanced.

One of the biggest investments has been in computer controlled printed circuit manufacture, automatic assembly and testing equipment for up to 6,000 boards per week. The beart of the system is automatic component insertion, with four production units commanded by a central computer, which can handle up to 7,000 components an bour.

Marconi Systems 80 in circuit test equipment is used for diagnostics and computer directed fault finding. Overall, this equipment is said to have reduced costs to about 10 per cent of those for manual assembly, and load cell manufacture has also been computerised.

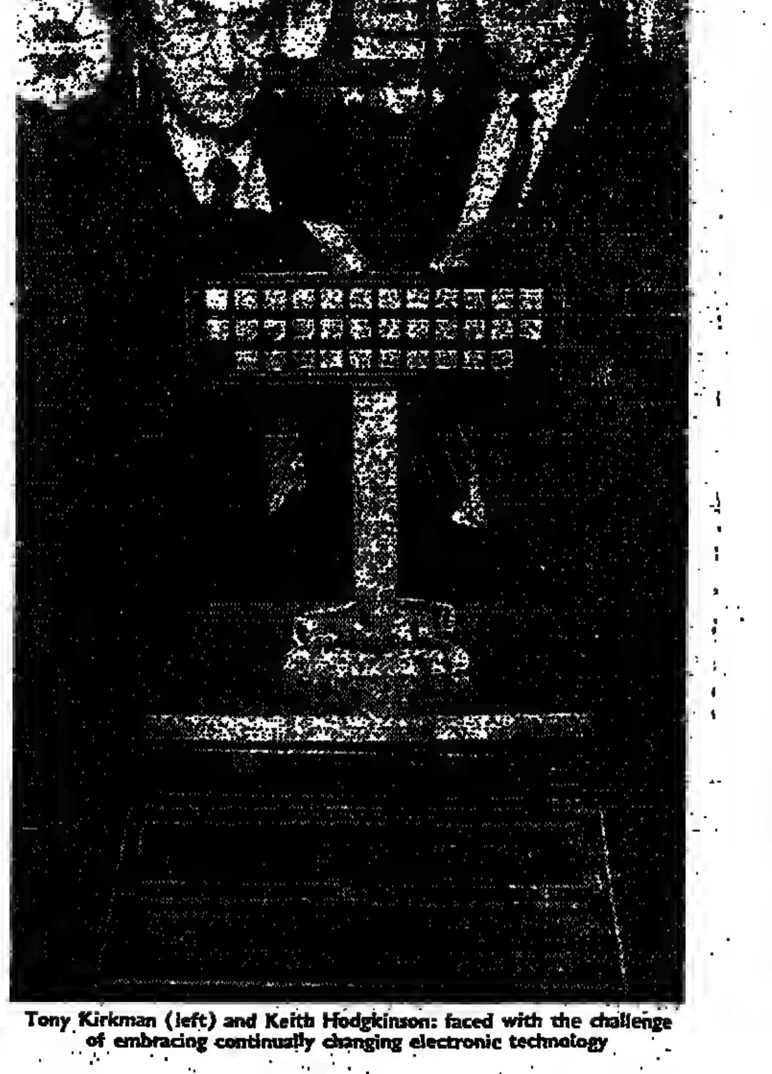
Another vital activity on site has been the expansion of training facilities for the sales and service staff, since throughput has been increased five-fold to deal with the new product portfolio. Improved service has been given high priority, since it is an area where Avery believes it can score over foreign competitors in the UK and abroad.

A particularly important aim of the company recently has been to improve the morale of the workforce, and this bas been helped by a policy of retraining existing workers in new skills. A new corporate image is being sought to make the market more aware of the "new Avery," with smarter uniforms for service staff; a new livery for service vebicles and a campaign slogan—"Leading the weigh in technology."

"We are now beginning to meet our sales and profit objectives, and future investment will progressively come from our own resources," says Keith Hodgkinson. "We have improved our cash flow and reduced working capital requirements by cutting debtors and getting rid of outdated fixed assets, with more to go soon. This is a direct result of closer financial controls.

"The workforce is becoming more understanding and committed to change, because I think it now recognises that it is the only way to a brighter future."

Kirkman adds that employees must realise that the pace of this change is unlikely to slacken, since it will be dictated by the pace of technological advance, particularly in those areas such as the automatic transfer of data from weighing machines to computers.



Tony Kirkman (left) and Keith Hodgkinson: faced with the challenge of embracing continually changing electronic technology

BOARDROOM BALLADS

TRANSATLANTIC QUADRILLE

with opologies to Lewis Corroll

Will you, won't you; Will you, won't you,
Help the western world a bit?
Just a little White House something
To reduce your deficit?
Presidential orthodoxy
Propagates the dreaded poxy;
Economic death by proxy
Seems to be the size of it.

*

Can you, can't you; Can you, can't you,
Get the base rate down a mite?
Get the Treasury together
With the Fed and stop the fight?
When the mighty U.S. sneezes,
Everybody gets diseases,
Threatening financial seizures
And the economic blight.

*

Could you; would you; Could you, would you,
Give the rest of us a chance?
Jazz the tempo up a little
In the present circumstance?
No one's asking if you can go
For the quick-step or fandango;
Maybe just a modest tango—
Something more than one can dance?

*

Can we, can't we; Can we, can't we,
As your partners, ask you why
The dollar's like the lark ascending
Higher than it needs to fly?
Shouldn't we be asking whether,
If we got our acts together,
We'd enjoy the better weather
Someone forecast at Versailles?

*

Will we, won't we; Will we, won't we,
Disengage each other's throats,
When common suicide by drowning's
What the present path connotes?
We and you will be connivers,
In a wreck without survivors,
If our disagreements drive us
Up the creek without the boats.

Bertie Ramsbottom

Next week: International Free Trade

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Dangerous structure

On May 22 in Finance and the Family under the heading "Total loss of a house" you state that the planning authorities cannot require the owner to take down any dangerous structure. On May 17 Manchester Corporation wrote me a letter to say that certain work had been carried out on a property and that an account of cost will follow. I employ my own maintenance and in spite of paying the general rates on the property concerned no previous communication had been received from the department concerned.

I was therefore denied the opportunity of having an independent inspection and carrying out work deemed necessary. Their letter is addressed to an address which I left eight years ago. Have I grounds for disputing their action?

Although the local planning authority has no power to order removal of a dangerous structure, the District Surveyor does have such power under the Public Health Acts (or special Acts in London). If you have failed to notify the local authority of your change of address and bave not made arrangements for forwarding mail delivered at the property concerned, we think that you cannot be held to claim that you ought to bave received notice in time to do the work yourself.

Company in liquidation

I am a creditor of a company in liquidation. At the time of the liquidation it appeared there were enough assets for the liquidator to sell, and would have then been able to pay all the creditors 100 pence in the pound. I now discover part of the assets have been destroyed by fire. I maintain this loss of assets/capital is the responsibility of the liquidator to replace or produce a cash equivalent. But the problem is one cannot get any reply in writing from the liquidator, admitting his responsibility. Can you please advise on a legal remedy open to me?

If the liquidator had sufficient funds in band to insure the assets in question and if they were of a nature which would normally have been insured, you would bave a remedy against the liquidator for the shortfall on your dividend caused by the fire loss. You may find that the most convenient way of pursuing the matter in the first instance is by raising it with the Committee of Inspection if there is one. Otherwise you should consult a solicitor.

Revenue offices

Does one have any choice as to which office of the Inland Revenue handles one's affairs? I have a small pension and a much larger investment income handled 200 miles away at A and a business handled locally at B. The result: a time-consuming three-cornered correspondence between A, B and myself. I suggested that all my tax returns should be handled at B but this was refused by the IR because my pension fund is based at A and because my pension is "my most permanent source of income."

The Inland Revenue say that they have found it more efficient, as a general rule, if the inspector who is responsible for operating PAYE (on wages or a pension) takes overall charge of a taxpayer's liabilities. However, you can always discuss the whole of your tax affairs with the inspector at B, by making an appointment far enough in advance for him to get your papers sent from A. This is a routine procedure.

Legal tender

While Scottish bank notes circulate freely and are sometimes acceptable as payment in parts of England, I hold the view that they are not strictly "legal tender" within the true meaning of the term in England because they are not payable on demand at the Bank of England, neither do they bear a facsimile of our sovereign's head. Other people seem to hold a different view and argue that they are legal tender in England. Could you please say what is the position?

Notes issued by the three Scottish banks are not legal tender in England. Indeed, they are not strictly legal tender in Scotland, but are accepted there, as equivalent to Bank of England notes, in practice.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE ARTS

The Twin Rivals/The Pit

B. A. Young

Rivals for an estate, not for a lady. Benjamin and Hermes Wouldbe, twin sons of Lord Wouldbe, both hope to inherit his property on his death from apoplexy, intestate. Benjamin, the younger, is so deep in debt that even his creditors turn him away. He starts a story that Hermes, the elder, has been killed in a duel in Germany and calls in a crooked lawyer to fudge a will and bribe a couple of people to swear that they heard Lord Wouldbe, in his dying words, leave all his wealth to Benjamin. By the time Hermes returns, Benjamin is His Lordship and Hermes has somehow got to overturn the deception.

There are ladies, *too*, of course, Constance, Hermes's old love (Sarah Berger), and her cousin Aurelia (Jane Carr), wickedly pursued by the arch-cad Richmore. Benjamin's tastes run more to brothels than *to marriage*, and he *has clap* anyway, as the author, George Farquhar, makes clear at once lest the audience should imagine that he might be fitted out with a bride at the end. His affaire, Clelia, is spoken of but never seen; but the bawd who fixes his sexual business, Mrs Mandrake, *is* ever-present, arranging not only that kind of business but *legal* business as well, even going so far, to resolve a crisis, as to swear that as she was the midwife who delivered the twins she knows Benjamin to be the elder.

It would be tedious to relate to *all the* complexities of the plot, which becomes more and more *farcical* as the *evening* goes on. The production, directed by John Caird and transferred from the Other *Place* in Stratford, is clearly never meant to be serious. The set (designs by Ultz, says the programme) consists only of 16 small wooden boxes at regular intervals over the square stage, and when details like pulling curtains or lighting lamps are indicated, they are done by action alone, as in Clifford Williams's immortal *Comedy of Errors* all those years ago.

Mike Gwilym as Benjamin plays as for farce throughout the evening, and very funny he often is. The rest give good performances in a more conservatively comic vein. Miriam Karlin, with her gravelly voice and her gift for deceit, is a Mrs Mandrake in whom I could really believe both as bawd and as midwife. Miles Anderson plays Hermes, his duty the need to present himself as completely respectable among a gang of terrible ruffians, which indeed he does. Roger Allan as Richmore and Simon Templeman *as Captain Trueman, a* young officer whose function is to intervene heroically on the side of right (and to provide an acceptable husband for Aurelia) are two familiar figures from the Restoration drama, but *Mr Templeman, disguised* as a constable, is given some splendid fun, including a hilarious duel with Richmore.

There's another very good fight, between the two Wouldbes; Malcolm Ransom is the fight director. The fights add to the farcical feeling at the end. I can see why Mr Caird took the play this way. Though it has plenty of good situations, the dialogue is not very witty, and it would be no good relying on the conversation for the laughs. Well, laughs there are in abundance. It hardly seems fair that that play shouldn't have had a performance for over 200 years.

Leonard Burt

Mike Gwilym and Miriam Karlin

1982 Stately Homes Music Festival

The 1982 Stately Homes Music Festival has been arranged with the financial assistance of the English Tourist Board.

There are eight concerts in eight privately-owned stately homes. This year, the festival has added three houses to its list. They are Wilton House, *Wiltshire (September 4)*; Arundel Castle, West Sussex (October 9); and *Brocket Hall*, Herts (October 22).

The other homes this year include Firle Place, East Sussex (September 11); Ragley Hall, Warwickshire (September 25); Leeds Castle, Kent (October 24); and Castle Howard, Yorkshire, November 7.

Theatre Museum

Antony Thorncroft

Some time next month the Minister for the Arts, Mr Paul Channon, must make up his mind about the Theatre Museum. In 1977 it was announced that the Theatre Museum, currently housed in the Victoria and Albert Museum, would move to the Flower Market in Covent Garden, occupying 40,000 square feet around and beneath the Transport Museum.

Plans proceeded afoot and the Treasury unlocked £4.3m for the undertaking, although the actual cash limit is £3.2m, the rest of the money being put aside for VAT, inflation, etc. The imminent arrival of the Theatre Museum *encouraged* a great deal of interest and attracted more bequests for a collection which started with Sir Henry Irving's memorabilia, was expanded by a Diaghilev archive, and is now the largest and best of its kind in the world.

Work was *scheduled* to start in April but then came the imminent report of *Lord Raynor* into Government expenditure and the unexpected thumbs down for the project on the grounds of cost. This has upset the great and the good who have long campaigned for the Museum and also its curator Mr Alexander Schouvaloff.

He has made the point that, with the Treasury having already committed the building costs, which will be spread over three years, the actual running expenses of the Museum need not be any additional burden to the arts budget. It is estimated that it will cost £500,000 a year to administer the Theatre Museum.

But it costs £200,000 a year now keeping it at the V & A and the additional £300,000 should be made up through admission charges to the special exhibitions which will be on constant display. The Transport Museum takes around £220,000 in admission charges, and Mr Schouvaloff thinks he can improve on that. Even if admissions only total *£200,000*, the shop, café, and rental charges on the small theatre on the site should bridge the gap.

Perhaps the main case for the Theatre Museum is the alternative—keeping much of its fine collection under wraps and ignoring the bequests of those who gave *treasures* on the understanding that they would be displayed to the nation. The Museum has an estimated £23m worth of theatrical gems, ranging from over 100,000 theatrical playbills to a Picasso backcloth worth £250,000. Since 1920 it has a virtually complete collection of playbills, and is particularly strong in items relating to the Russian ballet and Italian 18th century theatre. Given the current interest in the theatre; given the traditional associations of Covent Garden with the arts, it would be an extraordinary lapse to allow this important collection to disappear again just when everything was planned for its glorious presentation.

Maria Ewing and Claudio Desderi

Il barbiere di Siviglia/Glyndebourne

David Murray

Like the recent cast-change in Glyndebourne's *Rosenkavalier*, Monday's cast-change in *Barbiere* was to have returned three of the original principals to John Cox's production. In the event Max-René Cosotti was unable to rejoin the team as Count Almaviva, and Ugo Benelli—an experienced Almaviva who has been on hand for *L'Amour des trois oranges*—appears instead. John Rawnsley continues as the Barber, portly and sprightly (he boasts an unusually plausible tonsorial manner, *too*), Catherine McCord makes a lusty attack on Berta's single aria, and Curt Applegren still fills Don Basilio's decrepit sandals.

Mr Benelli is a well-found Almaviva. His "Ecco ridente" serenade struck me as stylish but a trifle brittle, like Sylvain Cambreling's treatment of the overture; further acquaintance corrected that first impression in both cases. Cambreling's neatness with the score—never overdriven, though the singer's expertise permits a brilliant *presto* in certain ensembles—has a welcome freshness, and misses nothing of comic energy. Equally, Benelli is as lively in his role as he is fastidious with the vocal line. He relishes the Count's impersonations without going over the top, and the virile ring of his tenor keeps him a believable romantic hero.

Back in the role of Don Bartolo, Claudio Desderi has only two faults: the character he presents is too ripe and subtle for some of the mechanical funny business Mr Cox assigns *him*, and too benevolent at heart to pose any real threat to Rosina's secret intrigue. At the end he relinquishes his claim upon her with evident relief and even with grace. No real fault, of course; Desderi cuts a splendidly solid figure, and sings with real panache—in rapid patter he *makes* even Rawnsley's *brisk* Figaro sound a bit stiff.

Maria Ewing's Rosina is once again an unalloyed delight. Her mobile, comic face and calculated scattiness would make her a formidable *ingenue* if she had only half the voice. In fact her vocal range and power would make her a distinguished Rosina if she could hardly act at all; she is, in short, superbly *equipped for the role*, and one isn't likely to meet a better exponent of it. Her crisp musical accuracy is geared to an acute sense of *buffo* timing—in recent years I remember only Edita Gruberova's Salzburg Zerbinetta as her *equal* in matching coloratura to comedy. Even on one of Glyndebourne's less clement evenings, this whole *Barbiere* had a satisfying glow.

Television

Alan Forrest

Fifteen years after

Fifteen years is a long time in television. But it is exactly 15 years since I stopped writing a regular television column. The chance to do it again for one week tempts me to indulge in the kind of nostalgia which has lost empires.

Oscar Wilde said that the only way to deal with temptation is to yield to it—I'm not really going to do that, but I can't help thinking about my "Age of TV" and things I've been watching, as a consumer and not a critic, in the 15 years since the newspaper I worked for stopped, and so did I.

I still look on my time as a regular critic as not so much a golden age, but certainly a gold-plated one. It embraced *That Was the Week that Was, Not so Much a Programme*, the growing-up of David Frost (and thankfully, Jonathan Miller and Peter Cook as well), *An Age of Kings* (no better Shakespeare since and fond memories of a younger Sean Connery), *Z Cars* in all its glory, *Cathy Come Home* establishing a new kind of documentary drama, the new look at the *corridors of* business power in *The Power Game* and Kenneth Tynan uttering that naughty word which Roy Fuller, in an early poem, described as "the adjective round every object, the *chief of desires* for both genius and dolt."

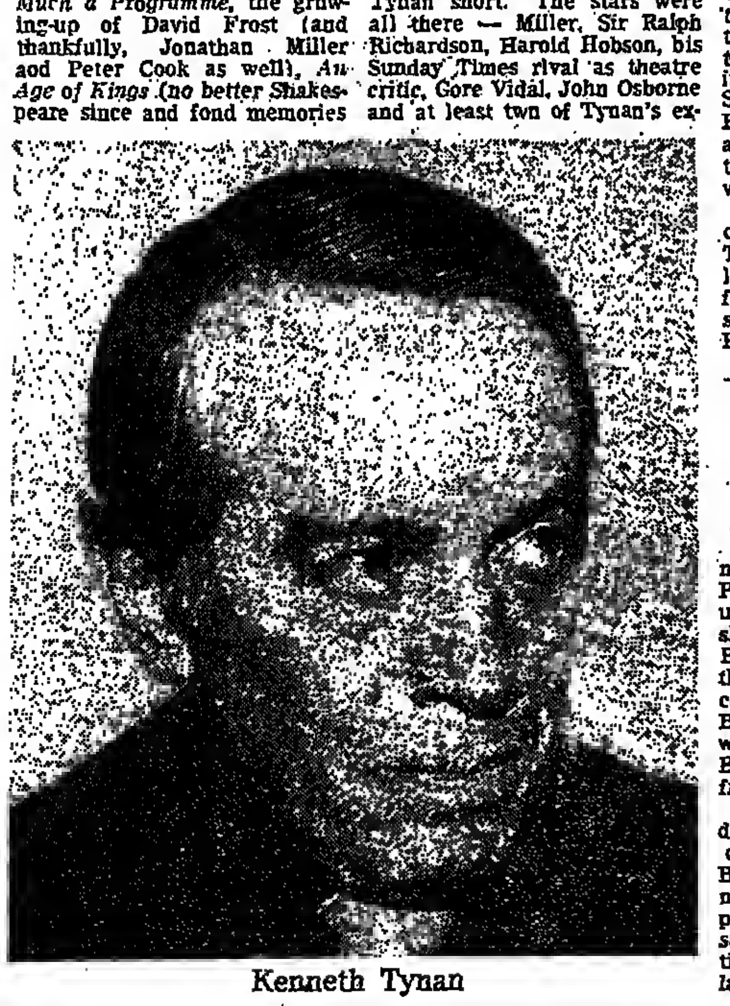
I could go one, but won't. I watched Anthony Howard's *Reputations*, a profile of Tynan, with interest, but I *think* it sold Tynan short. The stars were all there — Miller, Sir Ralph Richardson, Harold Hobson, his Sunday Times rival as theatre critic, Gore Vidal, John Osborne and at least two of Tynan's ex-wives. The programme presented an interesting human being, but it didn't go half the way to showing what Kenneth Tynan represented *to* someone trying to chart a course in a jungle of the arts in the 1960s. Somebody said — I believe it was one of his wives — that he became a Marxist after seeing Mother Courage. Any reading of *Tynan's works reveals* that as an over-simplification. He was nearly *always trail-blazing* a theatre that was close to contemporary life, rather than the puff-ball quazi - farces for the Surbiton carriage trade that *dominated* West End theatre at the time. The fact *that Tynan is* arguably the only influential theatre critic since Shaw was never brought out. Howard's programme did not suggest that he was much more than a star-struck dilletante with a gift for words.

Oh! Calcutta! was dealt with quickly. But it did represent The Sexual Revolution for a lot of people. Tynan's blueprint for sexual freedom could be said to be a Playboy and Penthouse-eye view. He never foresaw the change in sexual relationships brought about by the women's movement which was then knocking at the door, but he was a leader *in the ideas* that have had a liberating influence on the arts—and not least on television—ever since.

But back to TV today. The great difference from my day as a toiler in the vineyard is in the *presentation of reality*. We've seen a war fought on the box—as I watched the Falkland crisis unfold I had fantasies about reliving the battle of Alamein complete with interviews with both Montgomery and Rommel. Both channels have tried to turn the Falklands into a long-running show even after the last sheep was liberated, but last week the London bombings stole the show. That still-shocked witness crying "Bastards, bastards" and the hourly, or so it seemed, scene *of carnage* made a B-type Hollywood disaster movie seem pretty limp and only to be taken with the late-night Ovaltine.

Of the shows that have survived since my time, *Coronation Street* is so much alive and well that I gasp with admiration at every episode. Of course, it's a glossy travesty of working-class life, but what a beautifully-scripted and acted travesty. Monday night's episode had at least four plots going at the same time—all easy to follow. It is theatre "that is on the side of life," a kind of theatre which would have been approved by Kenneth Tynan.

The best of the news magazine programmes is still *World in Action*. I watched the last one with interest—Patrick Nuttgens, head of Leeds Polytechnic, rode his hobby-horse again. I had heard him recently in Yorkshire talking about education for technology and this *World in Action* programme looked at State-school rejects who rapidly pick up *computer skills*. It certainly asks a question about the *future*. Mr *Nuttgens* sees the old liberal education as lacking the capacity to teach people to make and do, although it teaches people to think. I can see his point, but I was a little worried at seeing all these bright young kids proving themselves as keyboard wizards, but with no evidence that they will ever be moved by a Shakespeare sonnet or transformed by a Mozart sonata. Well, roll on 1984, and we shall see.



Kenneth Tynan

BBC Symphony Orchestra/Albert Hall

Andrew Clements

Unremarkable fare for the most part in Monday's Promenade concert: plain, unfussy performances of Lutoslawski's *Funeral Music* and Beethoven's 7th symphony from the BBC Symphony Orchestra conducted by Gunther Herbig. Between them, however, there was a fascinating account of Bartok's second violin concerto from Yehudi Menuhin.

Menuhin's appearances nowadays inevitably have something of a hit-or-miss quality. Brilliance and insecurity are mingled, and the precise proportion of each determines the success of the performance. This time technical problems were largely confined to the *close* of the first movement, to the cadenza especially, and while the remainder of the concerto could never be described as entirely *relaxed*, it was *nevertheless* a cogent view of the work that marked it far from the virtuoso brilliance with which it is conventionally associated.

With his thin, fragile tone and a balance that kept the soloist well within the orchestral texture Menuhin was able to explore the introspective side of the concerto, its moments of doubt, and its tenuous melodic lines. There was a deliberate, almost perverse, lack of show in the outer movements; rhythmic figures that many soloists stamp out with firmness were understated, and aggression was always *tempered* by inwardness. The slow *movement* variations naturally become the focus of the concerto, *rubato* was always flexible and intimately stated.

Herbig accompanied with the maximum of tact, and found *in the wiry tuttis* an appropriate analogue to his soloist's playing. In the *Beethoven* Symphony he extracted *from* the BBC orchestra a more conventional firmness, as befitted a performance that rarely took risks, but equally did nothing that could be taken to destroy the momentum *of the music*.

Arts news in brief

Following its success at Greenwich, Triumph Apollo will present *Maria Aitken, Ian* Ogilvy and Gary Bond in Noel Coward's *Design for Living* at the Globe Theatre from Wednesday August 4.

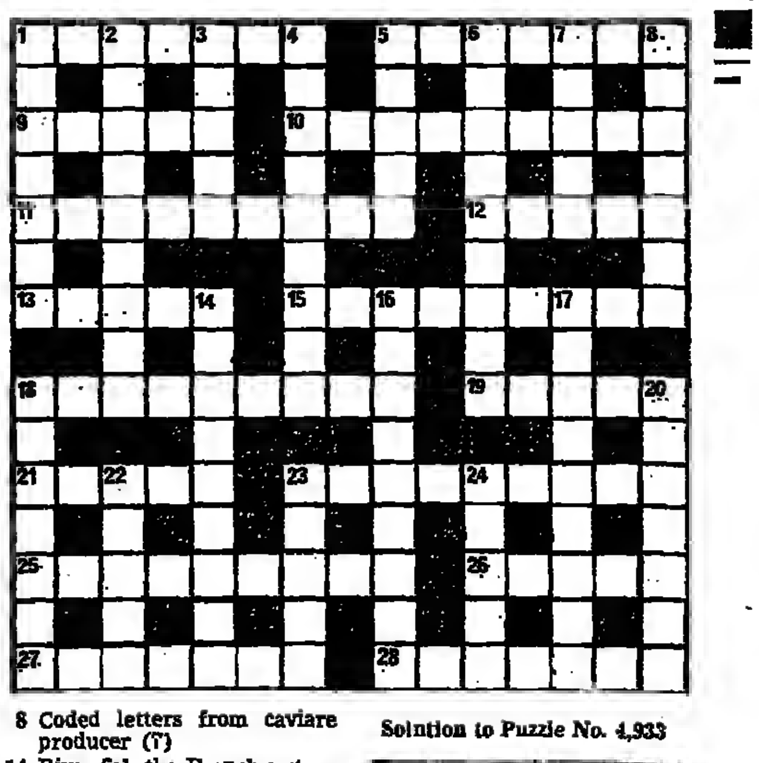
★

84 Charing Cross Road, which opened at the Ambassadors Theatre last November and has completed a nine-month season, is to have cast changes from August 2 when the role of Helene Hanff will be played by Doreen Mantle and Ronnie Stevens will take over as Frank Doel.

★

Understudy Christine Fox, who stepped in to play the role of Josie in Nell Dunn's award-winning comedy *Steaming* at the Comedy Theatre after the sudden *departure* of Carol White, has so impressed the producers with her performance that she has been asked to remain in the starring role.

F.T. CROSSWORD PUZZLE NO. 4,934



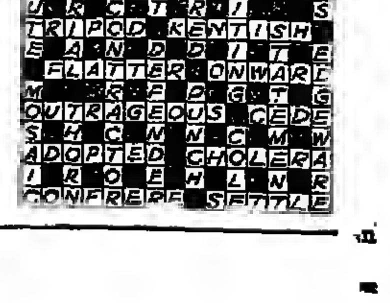
ACROSS

1 Student teacher (7)
5 Happens to be movement in the main (7)
9 Turner producing rubbish with gold . . . (5)
10 . . . and rodent putting gold vessel in tree (9)
11 Carthorse with bird atop (9)
12 Warm the Spanish inn (5)
13 Bring up article in incline (5)
15 Means of writing a dance step (9)
18 Seasonal gift with which one may greet sage? (6, 3)
19 Certainly not part of one verse (5)
21 Thatcher's successor? (5)
23 Meat I sent to supply a café (9)
25 Ring market stall and tax office (9)
26 Old announcer needing credit—that is right (5)
27 Eject from former Mediterranean island (7)
28 Vegetable bargain from Paraguay (7)

DOWN

1 AA miser who could be an indifferent fiddler (7)
2 What a batsman may do at random (3-2-4)
3 Tree left on top of monument (5)
4 Note on religious story that may be remedied (9)
5 Nought in store but a cut of meat (5)
6 Deal superficially with renovation taking place (5, 4)
7 A tendency to wander about (5)
8 Coded letters from caviare producer (7)
14 River-fish the French put on is of very poor quality (9)
16 Offal with joint that sailors appreciate (9)
17 Child, of necessity, could be a fabrication (9)
18 Allow to dub (7)
20 Part seaman set up for rodent catcher (7)
22 Shrub I call incorrectly syringa (5)
23 Energy to run, ie, to run away (5)
24 Club right for a court usher (5)

Solution to Puzzle No. 4,933



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Wednesday July 28 1982

Tension in Zimbabwe

THE COMBINATION of sabotage, inter-party rivalry and ecooomic difficulties has created one of the most testing periods for the governmeot of Mr Robert Mugabe sioce Zimbabwe's independence in 1981. One unwise response comes from the militant wing of the ruling Zanu-PF, which is demanding a ban on Mr Joshua Nkomo's Zapu, and the creatioo of a *de facto* one-party state.

Ever since the discovery early this year of a massive arms stockpile hidden on Zapu-owned property in western Zimbabwe, the Goveroment has been under intense pressure from its militant wing to ban Zapu and arrest its leaders. Three top Zapu men—Mr Vote Moyo, the party's organising secretary, and its two most senior military men, Mr Dumiso Dabengwa and Lt-Gen Lookout Masuku—were arrested some months ago and have not yet been brought to trial. Last week, Zimbabwe's main newspaper, the Herald, which is state-owned, called on the Government to ban Zapu and arrest Mr Nkomo. Yesterday, it went one stage further, attacking the Government from treating Zapu "with kid gloves."

Although there may well be no connection at all between the abduction last Friday of six Western tourists by gunmen signing themselves "Zipra forces" (Zipra was the now-disbanded guerrilla army led by Mr Nkomo during the independence war) and the well-executed sabotage attack on Zimbabwe's main air force base on Suoday, the immediate assumption has been that the two incidents mark a potentially critical escalation in the struggle between the estimated 2,000 "dissident" guerrillas and the Government.

Pressure

These developments must increase the pressure on Mr Mugabe to move against Zapu; all the more so because the kidnapping of the tourist party reflects a major break with past dissident activity. Since the dissidents started their campaign of violence and robbery early in the year they have tended to conceotrate more on criminal acts—such as the murder of a hotel receptionist at the Victoria Falls at the weekend and the theft of £3,800—than on political activity. But the abduction incident is wholly political. The gunmen are demanding political payment in the form of the release of Mr Dabengwa and General Masuku, the return of Zapu property and an end to what they describe as "harassment" of Mr Nkomo.

By focusing international attention on the kidnappings and at the same time striking a severe blow at the country's tourist industry, when foreign exchange earnings are already under acute pressure, the Zipra guerrillas have seriously embarrassed not only the Government but also their own leadership in Zapu. Because their ransom demands are wholly political, they have identified Zapu and Mr Nkomo with their actions.

Yet Mr Mugabe would be wrong to ban Zapu. Such action would make a mockery of his "politics of reconciliation." Already bis Goveroment has heen forced to reintroduce regulations precluding either civil or criminal proceedings against the security forces for acts undertaken in the course of their duty. This legislation, used by the Smith Government in the 1970s, was roundly condemned by the West. A ban on Zapu would drive the minority Ndebele resistance underground. The pursuit of the kidnappers this week showed that the dissidents are getting shelter and assistance from the rural population in parts of Matabeleland. A Zapu ban would increase such sympathy and support.

Mr Nkomo, who bas strongly condemned the abduction, would find it even more difficult to persuade Zipra dissidents that the answer to their dissatisfaction is not terrorism in the countryside but the ballot box in a year or so.

Warnings

Furthermore, Zimbabwe is facing a very real crisis of expectations. Employment figures just publisbed sbow that there has been no job creation in the past six years during which time net additions to the labour force have exceeded 700,000 people. In recent weeks there bave been reports of redundancies in the mining industry and warnings of major closures in the steel, ferro-chrome nickel and copper sectors unless financial aid is forthcoming. Matabeleland itself is experiencing the aftermath of one of the worst droughts in recorded history. This is no time for the Mugabe Government to be diverted from vitally important social and economic development programmes.

The signs are that on his receot European tour Mr Mugabe did not succeed in attracting new private sector investment to Zimbabwe — investment vitally needed if the Government's ambitious £8bn transitional development plan is to succeed. Investment confidence both at home and abroad will have suffered from this week's developments. This is yet another reason why Mr Mugabe must tread softly and seek a political rather than a military solution to the Zanu-PF/Zapu rivalry.

British museums under scrutiny

FOR MORE than two hundred years governments have considered it their duty to maintain national museums as a contribution to the public good. In recent years the debate has been loud and long about the real costs of this service. Mrs Margaret Thatcher, with her concern for good housekeeping, asked Sir Derek Rayner, her adviser on the prevention of waste in government departments, to make one of his scrutinies of the Victoria and Albert and Science Museum

The Rayner technique is to apply the criteria of cost effectiveness and management efficiency to the object of his scrutiny and to make recommendations that will save government money now and in the future.

In the case of museums it could be argued that the underlying philosophy of the report—that culture like business should be self supporting financially—is a philistine one. While no one disputes that both museums could be more efficiently and more economically run, there are dangers in making cost effectiveness the sole determinant of government policy

Subsidy

Centres of scholarship and excellence need and deserve public subsidy. Deciding the appropriate level of subsidy from public funds in times of economic stringency is an extremely difficult judgment to make. If the two national museums are to continue to develop and expand their educational activities a combination of improved management and more private patronage will be necessary.

There are sensible management proposals in the scrutiny. Clearly any national institution must benefit from a clear statement of goals and aims that are understood by a well directed top management team.

Both museums stand to benefit from the report's suggestion, and the government's agreement, that they should enjoy independent trustee status. This will free them from the damaging effects of totally random staff cuts due to civil service economies. The paradox remains that if the two museums had enjoyed this independent status a little sooner they would not now be the subject of Sir Derek's passion for economy.

There is throughout the Rayner report a lack of vision about the future of these great national museums. The suggestions to abandon the proposed Theatre Museum in Covent Garden, to close the Bethnal Green outpost of the V and A and to hive off Ham House and Osterley are unnecessarily drastic. How much more useful it would have been to have investigated the possible introduction of private funds, sponsorship and collaboration with industry to maintain a wide range of activities for both museums.

Debate

What the Rayner report has already achieved is a widening debate on the costs of the museums and the price to be paid to secure their future expansion. He has made several valuable suggestions for improving housekeeping methods, but many of his proposed cuts appear too ruthless.

Parliament in its discussions this week should look more broadly at the nation's museums. They have to find constructive ways of funding our cultural heritage. Clearly there is a larger role for the private sector to play. Rayner suggests more effective roles for private enterprise within the museums but hardly touches on the question of sponsorship.

The Minister for the Arts has been reminded by Sir Derek of the real costs of culture and only a combination of public and private enterprise can ensure the maintainance of the highest possible standards.

UK PUBLIC SPENDING

Problems of wielding the axe

By Peter Riddell, Political Editor

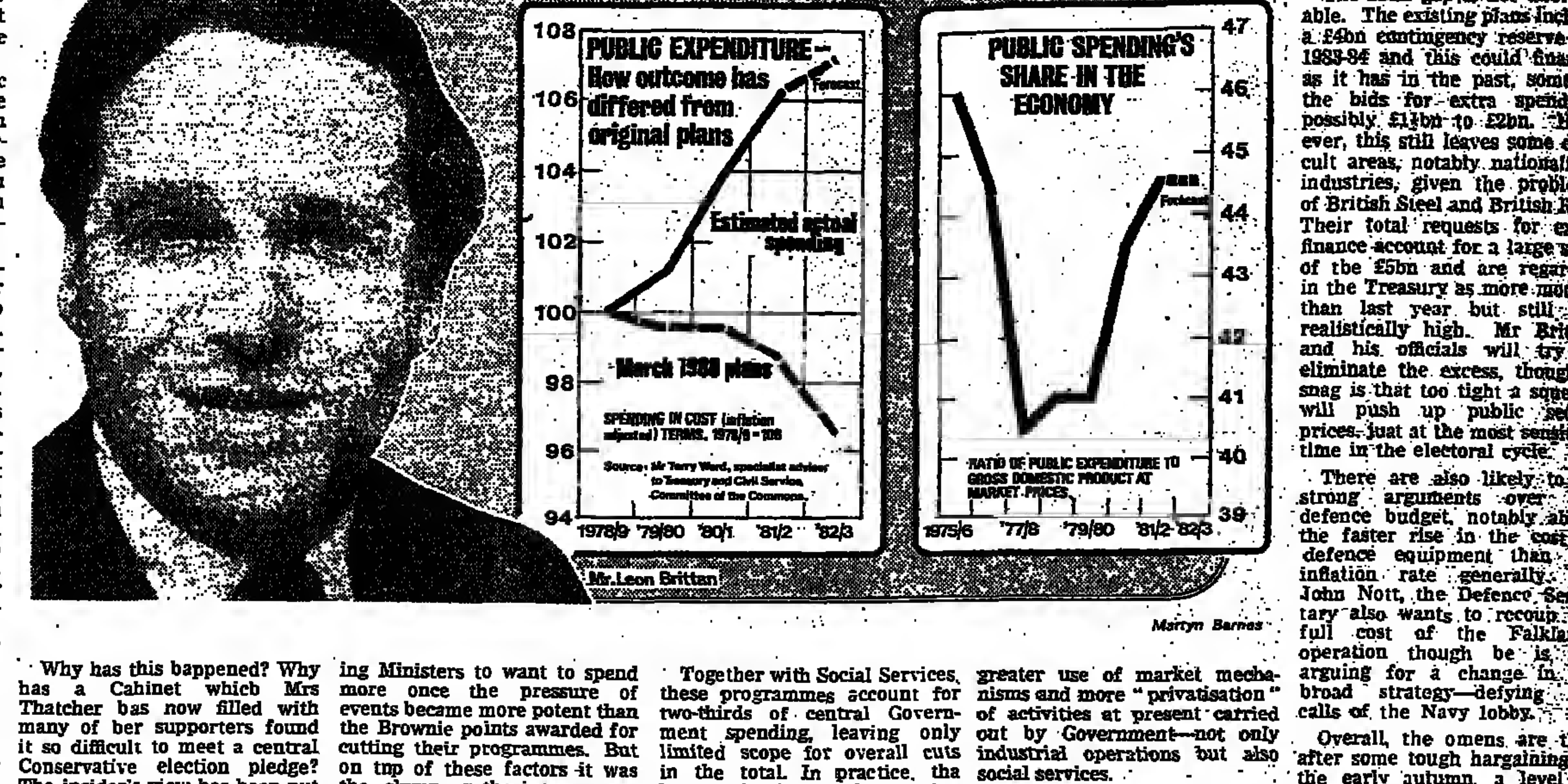
"THE Government intends to reduce pnblic expenditure progressively in volume terms over the next four years." Public Expenditure White Paper, March 1980.

"We bave to watch public spending does not rise. There are very, very few years in which in real terms you can reduce public spending. Yon have to bold it down as hard as you can." Mrs Margaret Thatcher in an interview with the Daily Express, July 1982.

The central, and most persistent, dilemma for the Thatcher administration has been bow to rein back the public sector. There have so far been half-a-dozen major spending reviews, and another is now under way.

Government departments have submitted hids for additiooal expenditure in the 1983-1984 financial year starting next April of £5bn above the total proposed by the Goveroment in March this year. Mr Leon Brittan, the Chief Secretary to the Treasury, bas this week started negotiations with other Ministers to see how far expenditure can be held down to the target figure of £121bn for next year. The outcome will determine the scope for tax cuts next spring.

The results since 1979 have been that expenditure has risen steadily, despite all the complaints abont cutbacks in services, and that the tax burden bas correspondingly increased. As the accompanying graph sbows, in the current financial year total expenditure is forecast to be 7.2 per cent higher in cost terms (that is, after adjusting for inflation) than in the last Labour year of 1978-1979. This year's figure is 11 per cent more than the total proposed in March 1980. Consequently, the starting point in the spending review for 1983-1984 (what the Treasury would now like to achieve) is more than 8 per cent higher than the original Tory plans.



Mr Leon Brittan

Martyn Barnes

Why has this bappened? Why has a Cabinet whicb Mrs Thatcher bas now filled with many of ber supporters found it so difficult to meet a central Conservative election pledge? The insider's view has been put by Sir Leo Pliatzky, the former senior Treasury official, who argued in his book *Getting and Spending* that "some of the difficulties were predictable from the outset: the commitment to increase in particular programmes which meant that the Government would bave to run bard just to stand still; the improbability of a turnround in the finances of nationalised industries on the scale proposed; the uncertainty of those savings whicb required the co-operation of the local authorities; and the tendency of spending Ministers to want to spend more once the pressure of events became more potent than the Brownie points awarded for cutting their programmes. But on tnp of these factors it was the slump, gathering momentum rapidly as the year progressed, which had not been anticipated in the 1980 Budget and which wrecked the expenditure plans."

The steady rise in speoding in the last three years can certainly be explained to a large extent by the impact of the recession on payments of Social Security benefits and on the finances of the nationalised industries. In addition, the Conservatives came to power pledged to raise spending on defence, on law and order and on the National Health Service.

Together with Social Services, these programmes account for two-thirds of central Government spending, leaving only limited scope for overall cuts in the total. In practice, tha large reduction in the housing and education programmes have not been sufficient to offset the increases elsewhere, so the total bas risen—even though at a much slower rate than envisaged by Labour.

Supporters of "Thatcherism" have increasingly argued that spending reviews should go beyond conveotional attempts to squeeze existing programmes and should look at whether certain activities should be provided by the public sector at all. In his Cambridge speecb earlier this month, Sir Geoffrey Howe, the Chancellor, argued for the greater use of market mechanisms and more "privatisation" of activities at present carried out by Government—not only industrial operations but also social services.

Any significant shift in the balance between the public and private sectors will take time but in the immediate future the question is how to squeeze the quart of the £5bn extra bids into the pint pot of the existing plans. All the signs are that compromise will be the order of the day—partly because the excess bids are not as enormous as last year, and partly to avoid political rows in a pre-election year.

The local anthority rate proposals (discussed in the article below) are one sign of that bowing, however reluctantly, to external pressures.

The £5bn gap is not unbridgeable. The existing plans include a £4bn contingency reserve for 1983-84 and this could finance, as it has in the past, some of the bids for extra spending, possibly £1½bn to £2bn. However, this still leaves some difficult areas, notably nationalised industries, given the problems of British Steel and British Rail. Their total requests for extra finance account for a large slice of the £5bn and are regarded in the Treasury as more modest than last year but still unrealistically high. Mr Brittan and his officials will try to eliminate the excess, though a snag is that too tight a squeeze will push up public sector prices just at the most sensitive time in the electoral cycle.

There are also likely to be strong arguments over the defence budget, notably about the faster rise in the cost of defence equipment than the inflation rate generally. Mr John Nott, the Defence Secretary also wants to recoup the full cost of the Falklands operation though be is not arguing for a change in his broad strategy—defying the calls of the Navy lobby.

Overall, the omens are that after some tough hargaining in the early autumn, a level of expenditure will be agreed which is sligbtly higber than the £121bn proposed for next year in the last White Paper. This will involve however, a tight squeeze of public sector pay with limits less than the 4 per cent on total pay bills of the last wage round.

No one, either in the Treasury or in the rest of Whitehall, is, however, likely to forget that success in restraining spending means more scope for tax cuts next spring—and diverting public attention away from the rise in the spending and tax hurden since the last election.

Heseltine wins, but the Treasury continues the war

LOCAL anthority leaders in England are this morning contemplating with a mixture of relief and disbelief the fact that they will be able to spend £2bn more next year than they would have been able to if Mr Michael Heseltine had not twice forced the Treasury to revise its spending plans.

Mr Heseltine's latest success in Cabinet, which he announced yesterday, offers the possibility of very low rate rises next spring. In addition the majority of councils should be able to meet the spending cuts implied hy the Government's new plans without serious rednctions in eitber services or staff. These cnts amount to under 2 per cent—in real terms—less than the 3.5 per cent which Government demanded in the current year.

However, the fundamental battle over responsibility for local government spending continues. Local councils argue that the Government's legitimate interest is in the amount it hands over each year in the form of rate support grant to help councils pay for their services. The rest of council spending, raised through the rates, should be a matter only between the council and its local electorate. The Government — particularly the Treasury — argues that it should have an interest and influence over the total of local anthority spending because it makes np a quarter of all pnblic spending.

The way in which the Government's spending plans for the councils have been revised highlights the problems of exercising this control. The first increase came last year. The 1981 White Paper had indicated a current expenditure target of £17bn for 1982-83. But by last autumn it became clear that in spite of all the initiatives, threats and legislation since the Conservatives took office, local councils were oversbooting the targets by so much (£1.6bn or 7.9 per cent) that £17bn looked unrealistic. Mr Heseltine persuaded his Cabinet colleagues in November to add £1bn

Bnt councils had bndgeted to exceed that figure by a huge amount — £1.5bn or 7 per cent — in 1982-83. Once again the scale of cuts required to get them back on target in 1983-84 would be so large as to be politically unrealistic. It would also be counter-productive because the redundancy payments wonld be so large as to make total expenditure for the year very mnch higher.

So Mr Heseltine, baving spent another year telling councils he was determined to make them toe the line, found himself having to go in to bat on their side once more against the Treasury when this year's examination of next year's pnblic spending options began. He asked for £1.2hn to be added to the current spending target of £18.7bn for 1983-84.

Mr Leon Brittan, Treasury Chief Secretary, who is responsible for public expenditure and has replaced Sir Geoffrey Howe and even, to some extent, Mrs Thatcher as the most determined bardliner on preventing npward revisions in plans, resisted the demand strongly.

Yet once again Mr Heseltine has won, although his request for £1.2bn was cut by Cabinet to £900m. He also argued successfully that the Government should not make too sharp a cut in the percentage of local current spending it supported through grant.

Mr Heseltine won because the Cabinet felt there was nothing to be gained hy attempting the impossible—target figures which would have no hope of being met.

Pragmatism dictated that the rate support grant settlement for next year should look tough while being soft enough to allow both modest rate increases in March and targets easy enough for a large number of councils to hit. This will allow the Conservatives to claim later in the year, if necessary during an election campaign, that the long battle against council spending is being slowly won.

Local government's counter-argument is that it has been consistently better at restraining its expenditure for most of the last decade than either central government or the nationalised industries. During the last three years it has either cut its expenditure in real terms or expanded very slightly while the rest of public spending has marched upwards. Council leaders claim, with mounting statistical evidence to support them, that the problem has been caused largely by the setting of unrealistic targets and the implementation of a very unsophisticated, inconsistent and arbitrary system of assessing council spending needs.

However, the Treasury is sticking firmly to its guns. Two or three times a year Treasury ministers present to Cabinet papers arguing for total control of the rates. The political and constitutional ramifications of such an idea, which would transform local government into local agencies of central government, have so far frightened the Cabinet off.

Yet this morning, as council leaders consider a modest success, Mr Brittan and his colleagues are seriously examining how best to take the paper into Cabinet yet again.

Robin Pauley

Men & Matters

Land's new vision

"Someday Edwin Land will be ranked with Thomaa Edison, Alexander Graham Bell—and George Eastman," an arch-rival at Eastman-Kodak once remarked about Dr Edwin Herbert Land, the 74-year-old inventor of instant photography who yeaterday severed all ties with Polaroid, the company he formed way back in 1937.

Land had been gradually disengaging himself from Polaroid since he handed over day-to-day management of the company to William McCune, also a Polaroid old-timer wbo became chief executive in 1980.

In his formal farewell statement, Land said yesterday: "I look forward to a new period of creative freedom for myself and to a generation of industrial grandeur for Polaroid."

But Land is in fact leaving at perhapa the most difficult time in tbe company's history with Polaroid struggling to diversify to lessen its dependence on its key products, instant cameras and film, and facing intense financial presures. The company reported horrible second quarter results yesterday with earnings down nearly three quarters from last year's aecond period.

Land's decision to go appears to reflect the inventor's long cherished dream of devoting bis entire time to researcb and creative pursuits. "I bave been planning for some time to change from my career at Polaroid to a new one in pure scientific research," he said yesterday. And with this in mind, he helped establish a non-profit corporation dedicated to achieving what he calls "deeper insights in fields ranging from pbysical chemistry to human colour vision."

As a corporate, Land was not only eccentric but often cantankerous. His company's annual meetings were regarded as unique events blending show-business with science. But for all this, he is regarded by his peers as a genius.

Although the instant camera has in recent years been losing its earlier mass consumer appeal, Polaroid has never been rivalled by its competitors, including tbe giant Kodak company, in instant pbotography. As a measure of Polaroid's dominance of this market, Land bas been sueing his far mightier rival for patent infringements on his instant camera systems.

Land is a *Who's Who* nightmare: the list of his accomplishments is immeasurably long. He holds a total of 533 U.S. patents, honorary degrees at Harvard, Yale, Columbia, among others and is a fellow of countless academic and scientific institutions.

From the beginning be has heen obsessed with polarisation of light and photography and colour vision. He demonstrated the first system of instant photography to a meeting of the Optical Society of America in 1947 and his company introduced the first instant camera the following year—the so-called model 95 Land camera which produced a sepia picture 60 seconds after exposure.

But for all bis subsequent inventions Land has yet to fulfil his ultimate goal. In what in retrospect appears to bave been the prelude to yesterday's announcement, Land in his last letter to shareholders as chairman of Polaroid at the end of March, wrote he was still seeking to attain an ultimate and unfulfilled dream in photography.

"I find profound scientific and aestetic stimulna in the pursuit of the last word in that most sophisticated of the applied sciences, the photograpbic process, and in the large purpose of arriving at last at the camera which will he part of the receptive equipment of most human heings." By resigning as chairman and a director of Polaroid, Land will he able now to devote full attention to his qnixotic pursnit.

Signing on

Industrial relations consultant Alf Avison was for 20 years a full-time officials of the Transport and General Workers' Union which awarded him its highest Certificate of Merit with Distinction.

But surely that does not explain the claim in his Spalding firm's brochure that Avison "is one of the few men in Britain qualified to speak on non-verbal communication."

Star-gazing

Between predictions of dramatic changes in South Africa and unrest in India, forecasts for the football pools and lncky dates for playing bingo, Foulsham's Old Moore's Almanack for 1983 has been looking at what the stars hold for the SDP/Liberal Alliance.

It could hardly have been born at a better moment—"Uranus the Awakener was about to rise at Llandudno"—to shake up British politics.

But it seems unlikely to achieve much more, Old Moore says. "Venus is unfortunately very poorly placed in Scorpio, on the cusp of the 12th, square Node and Mars—indicative of an impetuous union of desire and convenience rather than conviction."

Planetary positions also suggest that it "is excellent for chasing idealistic visions but in practice can all too readily lead to a lack of cohesion and purpose."

David Owen's chart accentuates all the Alliance's "more unrealistic and nebulous qualities"; that of Shirley Williams suggests mnch drive and flair but to little purpose.

Only Roy Jenkins' chart offers the professional, hard-headed leadership that is needed if it is to survive to fight tha General Election. "The charts of both he and the Alliance combine as though made for each other."

The Alliance could force a coalition with the Conservatives (unless Margaret Thatcher takes Old Moore's tip and goes to the country in mid-July). But even with Jenkins the SDP-Liberal counection is not une which carries much long-term conviction and sooner rather than later it is likely to be dissolved."

Alone, the SDP has all it takes for success in politics: "quick-witted, lively charisma, tough opportunism, genuine idealism, restlessness, drive and initiative."

If the qualities could be fused together by a leader of real substance, the party could offer a real alternative government. "None of the present leadership," Old Moore, alas, concludes, "has the kind of chart which could create this synthesis."

Market quotes

A modest man is David Immanuel, 35-year-old chairman of Intereurope Technology which went public yesterday. "This won't make me a millionaire," he apologised. "I'll only have about 840,000 of the 110p shares."

Intereurope's main activity is "the creation of technical documentation for high-technology equipment" — much of it for the Ministry of Defence. How to guide a guided missile, that sort of thing. "But I'm no whizz-kid," Immanuel said. "The company could function perfectly well without me."

Just the trick

A reader recently in San Francisco tells me that his hotel bar served a cocktail called a "Cardtable." "After you've had a couple," the barman explained, "your legs fold under you."

Observer

FIGHTING IN LEBANON

The Israeli consensus vanishes

By David Lennon in Tel Aviv

THE COMMANDER of an Israeli brigade poised to attack West Beirut asked to be relieved of his post this week because he opposed an operation likely to cause high civilian casualties. His unprecedented act is symptomatic of a lack of consensus in Israel over the war in Lebanon.

For the first time Israel is at war not to defend itself against an immediate threat to its very existence, but rather to destroy the Palestine Liberation Organisation, as part of a broader plan to create a new order in Lebanon and the region more favourable to Israel. But domestic protests show that the Government has not convinced all Israelis of the wisdom of this course.

The most overworked word in the Israeli lexicon since the invasion of Lebanon began on June 6 is "consensus." Is there a consensus or is there not for the aims of the war?

This questioning has deeply irritated an administration which does not take kindly to criticism, and charges of traitor have been thrown by Government politicians at protesters and critics—even at people whose loyalty to the state could never be put in doubt. Overseas critics and the foreign media have been accused of antisemitism.

The lack of national unity has disturbed many Israelis who feel that debate about the war's conduct and its aims should be withheld until the fighting has ended. But the critics of the Government say that it is essential to speak up now, to prevent a further escalation of the fighting.

The originally stated aim of the war was to push the PLO forces 40-45 kms back from the Israeli border with Lebanon, thus ensuring that their guns could not fire into north Israel.

Subsequently, the Government has insisted that all Palestinian guerrillas and all Syrian forces be removed from Lebanon and said that Israeli forces will not be withdrawn until that it achieved. In the broader context, Israel has stated that it wants to see a strong central Government established in Beirut which would be capable of controlling all Lebanon. Mr Menahem Begin, the Israeli Prime Minister, has said he hopes Israel will be able to sign a peace treaty with this Government.

Anti-war protester outside Prime Minister Begin's office in Jerusalem

There is one area of agreement among all Israelis: both supporters and critics of the Government are unanimous in the pride they take in the achievements of the army, air force and navy. The Israel Defence Forces (IDF) have once again demonstrated that the country has one of the best armies in the world.

But it is the use to which this powerful military machine has been put which has given rise to criticism. It has been traditionally accepted that the army is here to defend the country, rather than launch offensive operations.

General Mordechai Gur, the former chief of staff and now a leading opposition Labour Party member of the Knesset, said in a recent interview: "Israel goes to war only when there is a danger to its security. It does not use the IDF for making political settlements in other countries. Consequently, the Labour Party did not accept as war objectives the creation of a *new government* in Lebanon or the eviction of Syrians from Lebanon."

The Labour Party did support the originally stated goal of the invasion—that of pushing the PLO back 40 km. When it emerged that the unstated aims included the creation of a new order in Lebanon, the Labour Party voiced its opposition and the national consensus was ended.

Suddenly, Israel was playing the role of policeman of the region—reinforcing the image presented last year by the country's bombing of the Iraqi nuclear reactor.

Having lived with the fear of attacks by hostile neighbours for over 30 years, the Israelis are deeply and justifiably concerned about national security.

The idea of being able to dictate to its neighbours is therefore a welcome relief, even if it does require the changing of some previously-held notions about the nature of the state and the way in which its army should be used.

Mr Meir Amit, a former head of the Mossad, Israel's secret service, and later a highly successful head of the giant Koor Industries, commented recently that the war had also changed the perception of Israel abroad: "The image of Israel as a society with enlightened ideals and values has been replaced by the image of Israel as Sparta, a militaristic and intolerant fortress society."

There has long been debate within Israel over the emphasis that should be given to ensuring a society with liberal values or to ensuring the country's security, regardless of the cost to Israel's neighbours and its image abroad. The security viewpoint appears to have become more dominant in recent years.

This is perhaps best illustrated by the "credo" which General Rafael Eitan explained to me in March, 1978, on the eve of his assuming the role of Chief of Staff, a post he still holds: "I want to give you my thesis. They come and say to us to do such and such or there will be a world war, or there won't be oil for Europe, or the Americans will have to pay a few more cents for a barrel of oil.

"So I say to them, 'Why should I? The state of Israel sacrificed itself so that it will be better for the Americans, or so that it will be cheaper for the Europeans. Would anyone in England care if 3m Jews were killed here? He doesn't care. The main thing is that he will have somewhere to go at the weekend and that he will have a good life.'

"So I say that we should now think the same. I don't care if the whole world goes up in flames, but that there will remain here 3m Jews who will have somewhere to go at the weekend and can fish in the sea quietly. In the winter warm and in the summer cool."

This attitude—expressed four years ago—would still seem to motivate one of the key figures behind the war in Lebanon and the decision last year to bomb the Iraqi reactor.

Whatever the outcome of the siege of Beirut—whether the PLO is removed from the Lebanese capital by diplomatic arrangement, or by Israeli troops—many Israelis are beginning to realise that it will be *no* easy task creating a stable central government capable of controlling the warring elements which make up the state.

With the announcement that the army is buying heavy-duty winter clothes because it expects to be in Lebanon during the winter, it is finally dawning on Israelis just how long the troops may have to stay in the land of the cedars. It is not a prospect viewed with much enthusiasm by Israeli reservists, who have already been notified that they may have to serve up to three months in the army this year instead of the usual 30 days.

Even in the early stages of the invasion normally hard-line Israelis began to ask if this was really the way to solve the Palestinian issue. "We do not have to come all the way to Beirut to look for PLO guerrillas or sympathisers," one Israeli paratrooper said.

The long siege of Beirut has made the Palestinian issue the central topic of conversation at most Israeli domestic gatherings. The majority of Israelis still favour crushing the PLO—a recent opinion poll showed that 93 per cent were in favour of the war's aims.

The minority who wonder if it might be better to sit down with the Palestinians and talk about a political solution to the problem could increase the longer the forces remain in Lebanon. But it is doubtful if there has been much change in the predominant Israeli opposition to the creation of a Palestinian state on the West Bank or in the Gaza Strip.

The Government thesis that by crushing the PLO militarily Israel would destroy it politically appears to have been proven false. Even the most hard-line Israeli realises that Mr Yassir Arafat, the PLO chairman, has made political gains for Palestinian nationalism during Israel's siege of Beirut.

The Israeli mood has changed with the course of events. The failure to achieve quickly the targets set has left a growing number of Israelis weary at the prospect of further fighting. This could present an opportunity for a new and possibly viable proposal to end the decades of struggle.

But the fact that the extreme right wing Tehiya party joined the Begin coalition government this week would seem to make the prospect of an Israeli initiative to settle the Palestinian issue more remote.

International Trade

Protectionism and the not-so-Common Market

By Wolfgang Hager

INTERNATIONAL trade relations are turning sour. The European Community's bitter quarrels with the MFA textile producers, with the U.S. over steel, and with Japan over everything are mirrored by a less spectacular, but eventually more serious intra-Community struggle over subsidies, non-tariff barriers and other forms of cheating on the not-so-Common Market.

It would be wrong to blame the recession and unemployment alone for this state of affairs. Rather, our ways of organising trade fail to come to grips with the fact that the "Free World" is composed of uncomfortably "Comecon"-like mixed economies, with labour and capital markets managed by contracts, public incentives or directives. Free markets are left to operate if they deliver implicit or explicit social or development targets. If they don't, corrective action is often possible at the national level.

At the international level, however, adjustment to "market signals" may mean a passive acceptance of other people's preferred strategies. Left to itself, the Community would have a chance to achieve consistency in the policies of its members and Western European associates, either by outlawing or by harmonising industrial policies. But being confined in practising an orthodox commercial policy, the Community leaves to member-states the task of dealing with the much larger inconsistencies of a heterogeneous world economy, destroying European free trade in the process.

Until quite recently, Western Europe enjoyed, collectively, natural protection in manufactured goods. Eastern Europe produced unacceptable goods, the U.S. dollar was overvalued, Japan produced a few items for the U.S. market, and the Third World hardly existed.

These were years of autonomy in which Europe found answers to problems which had dominated politics for a century. With better pay, conditions and security, workers joined the mainstream of society. Income and savings were channelled to "non-productive" social infrastructure and services. Private enterprise, at considerable cost to efficiency, was constrained to observe broader social objectives. The new economic culture was anti-industrial, not by accident, but by design.

With the advent of new competitors in the 1970s, Europe stood revealed as a high-cost area of production, rather like coal after the discovery of oil in the 1950s. The U.S., with a more realistic exchange rate and cheap raw materials, started to compete in standard goods. Eastern Europe cooperated with Western firms to produce exportable manufactures. Japan broadened its product range and markets. Finally, the Nics (Newly Industrialised Countries) and quasi-Nics captured 10 per cent of world exports in industrial goods, almost equal to Japan's share.

Europe will cease to be an easy-going, decent and pluralist society

This allowed the new competitors to be the new price setters breaking the oligopoly discipline which had allowed the older industrial countries to sell on a (social) cost-plus basis to the rest of the world.

Adjustment optimism rests on the nostalgic faith that natural shelters for Europe's overpaid workforce and poorly used capital stock can be found in sophisticated up-market activities. Yet high technology and specialised products make up only a tenth of a stubbornly banal basket of final consumption on which the whole pyramid of sophisticated industrial inputs (including thoughtware) rests. And it is a silly, if not racist, notion to believe that the least educated of Europe's population can out-perform the most skilled and motivated of the world's brown population forever. Some specialisation along these lines occurs and those quickest off the mark (e.g. German special steels, Italian fashion, etc.) are doing well until imitators create overcapacity and yet another crisis sector.

With this escape hatch closed, or at least too narrow, adjustment shifts from the micro to the systemic level: Europe is trying to match "best international practice." This means a reduction of real wages, job security, etc. on the one hand, and a State-aided effort at capital deepening on the other. To the extent that either effort is successful, new competitors will be denied markets and Europe will cease to be the easy-going, rather decent and pluralist society it has become.

Yet in this sort of adjustment Europe will lose out, anyway. Capital will go where profits are higher, and effective demands will "leak" towards cheaper sources. Some of the inputs formerly used in home production, including capital goods, will be turned into exports (usually with a 25 per cent credit subsidy), but not enough to offset the steady business of a domestic mass consumption market.

France has understood the need for a balanced economy and is pursuing the "reconquest of the internal market." As a recent ERA study* showed, this is only a more systematic version of a general tendency for EEC states to practise protectionism via public finance, public procurement, non-tariff barriers and plain cheating. In the really important cases—Japan and the Nics—the common commercial policy is circumvented by bilateral deals.

It is an illusion to think we have a choice between free trade and protectionism. The national form it now takes risks balkanising a feasible West European free trade area accounting for two-thirds of members' exports in order to maintain the appearance of free trade with a protectionist, quasi-state trading environment. But both free capitalism and the social system are likely victims of an attempt to match best international practice. We must face up to the paradox that free markets within Europe require managed trade with outsiders.

*European Research Associates, EEC Protectionism: Present Practice and Future Trends (2 vols), Brussels, 1981-1982

Professor Wolfgang Hager is professorial research fellow at the European University Institute, Florence. He has developed the ideas above in the summer issue of International Affairs (price £3.50) available from the Royal Institute of International Affairs, 10, St James Square, London, SW1.

Letters to the Editor

Tebbit and the unions

From Mr Larry Smith

Sir,—Can anyone any longer doubt the vicious anti-union attitude of the Secretary of State for Unemployment, Norman Tebbit, after reading his speech made to the American Chamber of Commerce on Tuesday, July 13. He accuses trade union leaders of not listening, consulting or taking the wishes and interests of their members into account. That, of course, is a complete misrepresentation of the facts. Unions are in the control of their elected lay leaders usually voted into office every two years, some every year, and it is they who take the policy decisions.

Whoever heard of a Cabinet Minister being elected to his or her position?

He continues to trot out the contradictory argument that the unions have unrivalled powers while at the same time accusing them of having failed to improve the pay standards of their members, refusing to recognise that the British worker has been subjected continually and incessantly to a succession of Government-*sponsored* wage restraint policies. Does he not remember Selwyn Lloyd's pay pause, Ted Heath's pay freeze; the Prices and Incomes Board and Barbara Castle's pay norm of 3½ per cent.

The present Government's cash limits in the public sector forcing redundancies and job losses has nothing to do with workers pricing themselves out of employment. Encouraging overseas investments of around £10bn a year into industries that compete against British firms that in turn are starved of capital does not have its base contained in restrictive practices, or incompetent politically motivated trade union leadership.

Taking sanctions against the unions and making inflammatory speeches about its leaders will not improve the economy, that is the main responsibility of our political masters.

Neither will it reduce the 3m dole queue that is currently costing the nation £12bn a year, or improve industrial relations which is a prerequisite to increase output and efficiency. Mr Tebbit should throw away the vitriol and nullify his anti-union legislation or otherwise take his own advice and get on his bike.

Larry Smith.
Executive Officer,
Transport and General Workers' Union.
Transport House,
Smiths Square, SW1.

Decline in the merchant fleet

From the Assistant General Secretary, Merchant Navy and Airline Officers' Association

Sir,—It is a pity that your shipping correspondent should have swallowed without question the analysis of the General Council of British Shipping of the reasons for the decline in the UK merchant fleet (July 20).

Your correspondent quotes the GCBS as saying that "manning costs generally represent about 50 per cent of a vessel's running expenses." It all depends how you do your sums. We believe that, taking account of all the costs associated with a shipping venture, the true figure might be as little as 5 or 10 per cent.

You quote Mr John Whitworth, GCBS deputy director general, as saying that productivity in pay negotiations in the UK has not kept pace with some of our European competitors. Given that UK seafarers' wages are well below those paid by north European shipowners, we should be in a position to undercut them to such an extent that we put them out of business. We have, in fact asked the GCBS to produce proposals that will enable us to do just that; we are still waiting for a positive response.

If wage costs or cost-effective manning are "a crucial reason for the decline," how can this be reconciled with the predicament of our largest tanker owner, BP, which has warned us that trading conditions will shortly force it to dispose of a number of ships?

As soon as we became aware of this, we asked the company whether there was any contribution which our members could make to assist in saving their jobs. The answer was "no" because any contribution which the officers could make would only be peripheral to the main problem, which was the state of the tanker market.

Merchant Navy Officers are sick of listening to shipowners whingeing about their problems but doing nothing to tackle them, and they are disillusioned by the Government's apparent belief that it has a mandate to preside over the disintegration of one of this country's principal national assets.

P. J. Newman.
Oceanair House,
750-760 High Road,
Leytonstone E11.

Corruption in accounting

From Mr Jock Clayton

Sir,—SSAP 16 is a bankers' £1bn tax fiddle, dressed in Sandilands's CCA clothing. It must be put in the dustbin to permit a quick, if belated, implementation of the Sandilands's CCA system, approved by Parliament in November 1975 as likely to lead "to a better understanding of the economic performance of companies"; but sabotaged, *ab initio*, by the CCAB.

Sandilands must be allowed to root and grow, unimpeded by mandate. Indeed, after stating that CCA is "evolutionary rather that revolutionary" the committee tried to by-pass the mandate-blockage by inviting companies to implement it in advance of any mandate; but the CCAB issued an embargo; as part of their sabotage.

Unpolluted by the SSAP "funny-money" adjustments, Sandilands is a simple concept. Based soundly on two well-established accounting principles—"money is the unit of measurement," and profit is measured by the adjusted increase in net assets—it developed only two new principles: first, net assets must be stated at current value—hence CCA; second, profit is dichotomised by inflation, with operating profits reduced but total gains increased by expropriation of the creditors.

The total gains statement is the nub of the Sandilands system: it is no longer possible to compute profit in one figure, but in two; net operating profits and total gains.

By suppressing total gains, and depicting—as "profits"—only the reduced operating profits, SSAP 16 deliberately understates profits by some 150-250 per cent. This is a corrupt prevarication. As a mandatory standard, it is an outrage.

Jack Clayton, FCA,
Former member of the council of the ICAEW,
19, Park Road,
Cheam, Surrey.

British Gas and CCA

From Mr D. J. Fenn

Sir,—I refer to Mr W. G. Jewers' letter (July 24) concerning British Gas accounts which are prepared on a full CCA basis and his statement that profits based on historic cost are an illusion causing problems in business these days.

It cannot be denied that it is necessary to find a method of providing for increasing costs of replacement of assets to protect the financial base of the business. But whatever method is adopted should be related to the historic costs of assets by showing the agreed rates of depreciation on historic costs plus supplementary figures appropriated out of reserves to cover the rising costs of replacement. Thus the actual historic profits of British Gas will be highlighted to show where *today's* money goes.

To cartoon the situation, if a gasometer was built in 1982 at a cost of £10m in 1982 terms and was built to last 20 years, would Mr Jewers depreciate in 1983 CCA terms on the estimated replacement cost of £50m in 2002? If so then where is the illusion? I suggest it is in his supplementary depreciation charge for the next 20 years.

D. J. Fenn.
6, Cole Park Road,
Twickenham, Middx

Questions on wages

From Mr Denis MacShane

Sir,—Two questions are prompted by Samuel Brittan's observation "that many people's wages are too high" (July 22).

Did the enforced wage cuts of the early 1930s lead to new growth? If we further reduce real wages who is going to pay for the goods and services produced by those still in work?

One question prompted by Mr Brittan's observation that reducing real wages is more important than cutting interest rates. If I had £10,000 to invest, would he tell me to put it in the U.S. or Eurodollar money market or into British manufacturing industry?

Denis MacShane
2 route de Loex
1 213 Geneva.

Mitel's agreement with IBM

From Mr Terence Matthews

Sir,—The article by Jason Crisp headed "IBM and Mitel to develop units jointly" (July 22) was incorrect in stating that we "are preparing jointly to develop a range of office systems and terminal equipment."

The statement which you misquoted, in fact, said that Mitel and IBM have "signed an agreement in principle relating to the development of a new IBM family of unique line switching systems."

Terence H. Matthews.
Chairman of the Board,
Mitel Corporation,
Ottawa, Canada

Falkland Islands solution

From Mr Harvey Cole

Sir,—If Mr Clay's solution to the problem of the Falkland Islands is accepted (July 22), can we look forward to seeing two dozen MPs at Westminster representing the 35,000 or so inhabitants of Gibraltar—and, on the same scale a block of about 400 for constituencies in Hong Kong?

Harvey R. Cole,
9 Clifton Road,
Winchester, Hants.

UK COMPANY NEWS

NatWest up 8.6% to £214m at halftime

IN THE first half of 1982, National Westminster Bank has raised pre-tax profits from £197m last time to £214m — an increase of 8.6 per cent. The result was struck after a rise in bad and doubtful debt provisions from £45m to £78m.

The interim dividend is being stepped up from 9.625p to 10.6p net per £1 share — last year's total payment was 25.2p on taxable profits of £494m, of which £297m came in the second half.

Excluding the provision for bad and doubtful debts, however, profits for the first six months were in line with the second half of 1981 — costs increased by only 4 per cent.

Explaining the fluctuations in the charge for bad and doubtful debt provisions, Mr Robin Leigh-Pemberton, the chairman, says that during the second half of last year, the bunching of recoveries from earlier years produced a net recovery of £3m for that period.

The charge against profits in the first half of 1982 has benefited much less from recoveries, but new provisions are not out of line with recent experience, bearing in mind the substantially increased level of business.

Overall, provisions represent 1.1 per cent of total group advances, broadly in line with the end of 1981. Mr Leigh-Pemberton comments: "I am satisfied that adequate provision has been made overall, including that required for the group's overseas loan portfolio."

The half-year provision was broken down between specific £68m (£41m) and general £10m (£4m).

Group trading surplus advanced by £13m to £200m, while associates' contributions were £4m higher at £14m. Tax charge rose from a restated £23m to £32m and after minorities and preference dividends, net profits came through ahead £7m at £180m. Stated earnings per share improved to 75.8p (restated 73.5p).

Extraordinary items showed a sharp turnround from debits of £97m to £1m credits, reflecting the special tax on banking deposits which took £1m this year, against £96m previously. As a result, attributable profits were more than doubled from £76m to £181m. The ordinary dividend absorbs £25m (£23m).

The group's domestic banking operations continue to provide over half the group's profits. Nat West has shared in the general growth in advances and has also improved the net interest margin. This produced an improved net interest income, despite the flat performance of current accounts and lower interest rates generally.

Volatile exchange rates, high U.S. interest rates and the difficulties in international markets continued in the half year. But despite these problems, the group's international banking division achieved a sound performance.

The related banking services division maintained its contribution in percentage terms. While the Lombard Group figures, already announced, represent the major proportion, the other units in the division maintained their performance overall.

In current cost terms, pre-tax profits were £139m, against a restated £127m for the first half of 1981.

See Lex

Grindlays little changed at £19.7m

VIRTUALLY unchanged pre-tax profits of £19.69m, against a previous £19.47m, are shown by Grindlays Holdings, the banking concern, for the half-year ended June 30 1982. Total for the whole of 1981 was £34.62m.

The company's principal investment is a 51 per cent holding in Grindlays Bank, pre-tax profits of which amounted to £19.68m, little changed from the £19.66m for the corresponding period in 1981.

After tax of £12.21m, against £13.2m, profits of the parent company came through at £7.48m (£6.28m), which were subject to minority interests, £3.71m (£3.07m) and dividends £425,000 (same).

Stated earnings per 25p share of the holding company are 11p, compared with 9.4p, and the interim dividend is maintained at 1.25p net—last year's final payment was 2.875p.

The Bank has also declared the same dividend of £850,000 net, of which the parent will again receive £433,500.

Mr N. J. Robson, chairman, says that there has been an improvement and growth in the underlying group business which is encouraging for the future, although for the time being this has been largely offset by the need for increased provisions.

He explains that increased provisions are due mainly to the difficulties caused by the continuing recession and high interest rates. The chairman adds that there is the continuing problem of slow payment of interest in certain areas of business.

Operating earnings before making provisions were substantially higher, he states, and there was some benefit from higher earnings in the UK on the re-investment of the sale proceeds of the Hong Kong subsidiaries, together with successful results from treasury and other business earnings.

After tax of £12.21m (£13.26m) and minorities' £95,000 (£177,000), the Bank's available balance was £7.38m (£6.22m).

The directors say that comparatives have been adjusted upwards to reflect the change in translation accounting policy applied to last year's annual accounts.

See Lex

HIGHLIGHTS

Lex briefly looks at events in the equity market yesterday, where there was a sharp shake-out in an already hard hit engineering sector, before moving on to the half-year figures from National Westminster, where second-half profits are 9 per cent up on the comparable period at £214m, though well down on the previous six months. However, bad debt provisions are all over the place to muddy the waters. Grindlays Bank announced virtually unchanged profits of £19.7m in the year to June but after tax there is a reasonable advance. Finally the column takes a look at the report and accounts of British Gas Corporation which are prepared on an exceptionally conservative basis.

Vantona profits fall 16% but interim held

TAXABLE profits of Vantona Group, household textile manufacturer, fell by 16 per cent to £1.6m for the six months ended May 30 1982, against a previous £1.92m.

Profits, before interest, were behind by 8 per cent to £2.39m (£2.59m) on turnover little changed at £48.8m (£49.3m), exemplifying the situation, directors state, which has prevailed during the first half of continued pressure on margins and difficulty in maintaining sales volume.

After tax of £405,000 (£442,000) earnings are shown as 5.4p, compared with 6.7p, and the interim dividend is maintained at 3p net—last year's final payment was 5p and pre-tax profits amounted to £5.84m (£4.29m).

The directors of this company, which is one of the largest suppliers of household textiles to Marks and Spencer, say that there is as yet no evidence of any signs of recovery in demand in the domestic sector.

The group is continuing to reduce stock levels, improve productivity and contain expenses, but they say that occupancy costs are the most difficult to control.

Accordingly they decided to merge some of the manufacturing units, "without appreciably reducing overall productive capacity or the ability to increase volume in line with any recovery in demand."

This reorganisation, for which full provision has been made under the £2.95m (£54,000) extraordinary debit for the six months, should be completed by the year end, so that profits will benefit even on current levels of output and sales, the directors point out.

After the extraordinary item and minority interests of £38,000 (same) the attributable balance came through as a £1.79m loss, compared with a £1.38m profit.

The interim distribution will again absorb £644,000, after which a deficit of £2.43m (£738,000 surplus) will be carried forward.

On a CCA basis pre-tax figure is reduced to £580,000 (£904,000).

● comment

Vantona's half-time trading result—down by less than 8 per cent before interest—is actually a little better than some market forecasts. Surprisingly, for a group which has been working so carefully on its stocks and borrowings, Vantona seems to have been too eager in its sales projections this spring. The recovery has been delayed, stocks have drifted up a bit, and the interest charge is 72 per cent higher than in the six months to November 1981. Restraining production should get working capital back on course, however, and it is hoped that the interest charge for the full year can be held back to 1981's £1.1m. The first of Vantona's rationalisation measures—closure of its spinning mill at Stockport—was announced last week: these figures show that there is much to come, at a cost of just under £3m. If sales remain flat for the rest of the year, as seems likely enough, the chances of repeating last year's £5.8m, before tax, will depend heavily on Vantona's ability to cut back labour costs; other numbers could be more rigid. Next year, lower interest and depreciation charges, added to loss elimination, should push the total upward again. For now, a 10.9 per cent yield—even with cover to be earned in the remainder of the year—should keep the shares near their present 108p.

Barclays National Bank well ahead at midway

BY OUR JOHANNESBURG CORRESPONDENT

BARCLAYS NATIONAL BANK the 58 per cent owned South African subsidiary of Barclays Bank International, has emerged strongly from the interest margins squeeze which cut into profits in 1981 and in the six months ended June 30 1982, earned a pre-tax income of R61.1m, compared with R49.2m, while the figure for the whole of last year was R124.7m.

Mr Bob Aldwroth, the managing director, says that trading conditions were difficult in the first three months with continuing pressure on interest margins. However, the position then improved when restrictions on interest rates were relaxed.

Mr Aldwroth says the group's growth derived largely from its financial and industrial banking activities. The hire purchase arm, Wesbank, suffered a slight profit deterioration even though credit sales from motor vehicles have been maintained longer than expected.

Normally Barclays earns about 40 per cent of its annual profit in the first half and 60 per cent in the second half. Mr Aldwroth believes this pattern has been repeated this year provided the reserve bank does not apply any additional restrictions on banking activities, and that Barclays does not suffer from any large and unexpected bad debts.

An interim dividend of 30 cents (26 cents) has been declared on first half earnings of 74.2 cents (62.1 cents) a share. Earnings totalled 151.4 cents in 1981 and a total dividend of 63 cents was paid.

Control Data rises halfway

A SUBSIDIARY of Control Data Corporation (U.S.), Control Data, reports taxable profits ahead at £4.8m for the half-year to May 31 1982—up 45 per cent on the same period last year.

Turnover of this unquoted company improved by 33 per cent from £39m to £52m. Of this sales equipment accounted for £33m, media leasing £1.8m, services £6.7m and manufacturing £10.7m.

Mr Fred Mobbs, managing director, says the company plans to double its size in the next five years by tripling its services business and doubling hardware sales.

He says the company plans to change the hardware and services split from its present 80/20 position to 60/40.

The company also plans to increase the number of joint ventures and acquisitions undertaken by the British company. Mr Mobbs says that a special committee has been set up to examine expansion possibilities.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Claverhouse Inv	int	2.25	Sept 30	2.25	—	6.55
Grindlays	int	1.25	Oct 1	1.25	—	4.13
Hambros Tst		4.12	Oct 1	3.49	5.71	4.84
London & Gartmore		1.5	Oct 7	1.5	1.5	1.5
National Westmster	int	10.6	Aug 31	9.63	—	25.2
Norton & Wright		1.5	Oct 4	0.5	2	1
Benjamin Priest		1	Oct 2	0.7	1	2.39
Vantona	int	3	Oct 1	3	—	8

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Dunbar, Maidn Ford, Lex Service, Weber.

Finals: Blasway, Centreway Industries, Centreway Trust, Equipu, Macarthys Pharmaceuticals, Security Centres, Whittington Estates.

FUTURE DATES

Interims—

Barton Group	Sept 7
General Accident Fire and Life Assurance	Aug 11
Johnstone's Paints	Aug 5
Refuge Assurance	Aug 26
Rentokil	Aug 16
Scottish Eastern Invest. Trust	Aug 16
Scottish United Investors	July 30
Transport Development	Aug 6
Finals—	
Crouch Group	Aug 10
Esperanza Intnl. Services	July 30
Gordon and Gotch	Aug 3
Longton Industrial	Aug 5
McLeod Russel	Aug 6
M L Holdings	Aug 10
Owen and Robinson	Aug 2
Phoenix Timber	Aug 6

Alexander & Alexander widen audit of Howden

By John Moore, City Correspondent

Alexander & Alexander Services Inc., the world's second largest insurance broker, is probing the accounting practices and businesses of Alexander Howden Group prior to its £150m takeover of the UK insurance broker earlier this year.

At the advice of its auditors, Deloitte Haskins & Sells, the U.S. brokers have decided to examine the whole range of Howden's business activities prior to the takeover in January.

The new move is an extension of Alexander & Alexander's "fair value audit" of Howden which is designed to establish what is real value and what is goodwill within the group.

It is understood that the audit by Deloitte has only been in progress for the last two or three weeks and the new review, according to Alexander & Alexander, is only in the initial stages "and it cannot now be determined what adjustments may be needed in the net assets acquired."

Any adjustments that may be necessary would likely be reflected as increased goodwill to be amortised over a 40-year period.

Alexander and Alexander management is not aware that any matters which are the subject of the review have had any significant impact on combined earnings since the date of acquisition. The management does not believe that there will be any significant effect on the on-going business of Alexander and Alexander and Howden.

In its last accounts for the year ended December 1981, Alexander and Alexander showed an unaudited set of figures for Howden which reported that the UK group had made a provision of $9.24m as a transfer to increase the insurance reserves of certain of Howden's unconsolidated insurance subsidiaries.

Mr John Bogardus, chairman of Alexander and Alexander, who is in London this week, said yesterday that he hoped that the Howden insurance company reserves would not need further provisions. "This is why we are carrying out the audit, as well as looking at everything else."

Since the takeover, the Howden end of the Alexander and Alexander empire has experienced one of the more eventful periods of its history.

In March, Mr Ian Posgate, the group's star underwriter for its Lloyd's underwriting syndicates 127 and 126, resigned from the main board, after claiming he was allowed to play no part in the takeover by Alexander and Alexander.

In April, Lloyd's called a special inquiry, which has yet to announce its findings, over how Alexander Howden, acting as insurance brokers for the Qantas airline, placed the Qantas account in the Lloyd's market.

This month, underwriting agents began to withdraw their underwriting members from Howden's syndicates at Lloyd's, following the decision of the House of Lords that Lloyd's insurance brokers must sever their links with underwriting syndicates. They feared that Mr Posgate would stop underwriting for the Howden syndicates.

Than the Howden syndicates were curbed in their underwriting by the Howden management because it was felt that premium limits might be breached by the underwriting members of syndicates 127 and 126. Mr Kenneth Grob, the Howden group chairman, advised Lloyd's chairman, Sir Peter Green, that insurance business on the syndicates would not be accepted on those syndicates for the current year.

On July 16, Mr Grob announced his surprise resignation from the Alexander & Alexander main board, although he still remains chairman of Alexander Howden Group until the end of this year.

Recovery at Norton & Wright

As expected there was a marked improvement in the second half at Norton & Wright Group, which enabled this lottery tickets, fund raising cards and schemes concern to finish the year to March 31 1982 £107,862 in the black at the pre-tax level, compared with losses of £43,466 last time.

The second half contribution was profits of £347,136, compared with £56,347 losses.

Turnover for the full period was little changed at £6.69m, against £6.6m. The dividend is doubled from 1p to 2p net per 10p share with a final payment of 1.5p.

Earnings per share are shown to be 1.74p against 3.01p last year.

Below the line, however, there was a tax charge of £10,098, against a credit, last time, of £212,487 which left the net surplus well down from £169,021 to £97,764—comparative tax figure included a £190,400 deferred tax release.

After an extraordinary credit of £2,575 (£71,170 debit) attributable profits came through at £100,339, against £97,851, of which dividends will absorb £89,868 (£29,038)—extraordinary items included redundancy and severance payment of £82,111 (£327,710) and a £63,000 (£115,140) profit on the sale of land.

Current cost pre-tax figure is £66,000 loss (£269,000).

GREENBANK IND.

The directors of Greenbank Industrial Holdings who announced on July last that another concern was considering an offer for the company, state that it no longer intends to proceed.

Benjamin Priest back in profit

DERIVED almost entirely from benefits of rationalisation and changes in its operational base, Benjamin Priest Group, building products, fasteners, materials handling concern, finished the year to March 26 1982 £26,000 in the black at the pre-tax level, compared with losses of £1.46m last time.

The directors say that demand did not recover significantly during the year and price competition intensified. These conditions still apply and are unlikely to alter until a greater degree of capital spending is resumed throughout the industry, they state.

At halfway there was a loss of £360,000 (£40,000 profit) but the board explained that most of this was incurred in the first quarter after which a gradual improvement was accomplished. This trend continued into the second half, they added, and a small profit was earned in the third quarter.

Turnover for the full 12 months was down slightly at £41.43m, against a previous £41.93m, and pre-tax figure was after interest unchanged at £1.19m. The taxable deficit for 1980/81 included a £852,000 loss from construction contracts of Taylor-Powell.

Despite omitting the interim payment, directors are recommending a final net dividend of 1p for the year. This is compared with a 1.694p interim and a 0.7p final distribution for the previous period.

The directors point out that there has been a slight weakening of demand in engineering over the past few weeks, and so the rate of progress towards full recovery will inevitably be slow. However, the group is poised, they say, to respond swiftly to market opportunities and "will not hesitate to take whatever steps are necessary at each stage to maximise operating efficiency."

Tax for the 12 months took £50,000 (£594,000) and there was an extraordinary debit last time of £1.21m.

Losses per share are shown as 0.14p (12.14p) on a net basis, after writing off irrevocable ACT of £141,000 (£767,000), and as earnings of 0.69p (7.61p losses) on a nil distribution basis.

As noted in the interim statement, results for the 1980-81 year included a provision for losses expected after the year end, in completing the last two contracts of Taylor-Powell. These were completed during the year and this company's operations have now ceased.

However, additional losses were incurred mainly by completion of one contract being delayed until December 1981, largely because of damage resulting from industrial action.

Net assets per share are given as 85.2p, compared with 88.4p, and total borrowings as a percentage of shareholders' funds amounted to 57.8 per cent, against 50.1 per cent.

On a current cost basis pre-tax figure for the year is turned into a £885,000 loss (£3.03m loss).

● comment

The sharp cutbacks at Benjamin Priest of the last two and half years, that reduced the workforce from 2,850 to just over 2,000 and cost around £1m, has brought production more into line with demand. An end to involvement in the sad saga of construction a year earlier enabled the benefits of cuts to show through at the pre-tax level. Some £220,000 was taken above the line in redundancy and reorganisation costs this time. Funding these and the cost of meeting the slight pick up in demand in the second half helped push borrowings 14 per cent higher to £8.3m. The penalty for this in interest charges is likely to continue in the current year though some easing could be achieved through sale of unwanted property which could realise £1m. The high gearing and weak share price limits the company's room to manoeuvre. Barring resorting to a rights issue it will be obliged to concentrate on building on the organic recovery. On the basis of the last second half performance this could point to an advance to the £800,000 mark for the current year—still a long way from the 1979-80 peak of £3.2m. With 30 per cent of sales to the motor industry much will depend on what the hire purchase changes do to sales at Ford and BL. The uncovered dividend yields 5.6 per cent on yesterday's 2½p share price rise to 26½p which puts the prospective p/e at 11.

UK COMPANY NEWS

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	—	—	13	56	—	—	$335
GOLD C	$325	—	—	3	48	—	—	"
GOLD C	$350	5	15.50 A	10	30	5	43	"
GOLD C	$375	11	3.50	10	12	—	—	"
GOLD C	$400	73	2	—	—	—	—	"
GOLD P	$300	—	—	2	5	—	—	"
GOLD P	$325	17	2.50	55	13	—	—	"
GOLD P	$350	24	12	32	21	—	—	"
GOLD P	$375	—	—	48	34	—	—	"
12¾ NL 81 87-91								
C	F.112.50	100	0.80	10	1.70	21085	2.30	F.112.90
P	F.110	—	—	64	1.10	—	—	"
P	F.112.50	—	—	—	—	500	2	"
P	F.115	—	—	5	3.30	—	—	"
10¾ NL 80 86-95								
P	F.100	—	—	40	1	—	—	F.101.40
11¼ NL 82 88-92								
C	F.100	—	—	—	—	1	4.50	F.103
C	F.102.50	65	1	—	—	—	—	"
C	F.105	—	—	1	1.10	—	—	"
C	F.107.50	—	—	200	0.40	500	0.60	"
P	F.105	50	2.40	—	—	—	—	"
10½ NL 83 86-89								
P	F97.50	—	—	—	—	400	1	F.99.20
		Oct.		Jan.		Apr.		
ABN P	F.280	5	16	—	—	—	—	F.273
AKZO C	F.25	16	1.40	15	2	—	—	F.24.90
AKZO C	F.27.50	10	0.60	16	1	—	—	"
AKZO P	F.25	50	0.90	—	—	—	—	"
AKZO P	F.27.50	20	2.70	—	—	—	—	"
AMRO C	F.45	25	1.50	—	—	—	—	F.44.40
AMRO P	F.45	42	3	3	4	10	3.80	"
HEIN C	F.60	16	2.90	5	3.50	—	—	F.60.80
HEIN C	F.65	—	—	15	1.30	—	—	"
HEIN P	F.60	27	2.20	5	5	—	—	"
HOOG C	F.17.50	1	0.40	—	—	—	—	F.15.10
HOOG P	F.15	20	0.50	—	—	—	—	"
IBM C	$70	—	—	—	—	4	3⅛	$66⅛
KLM C	F.80	36	7.30 B	25	10 B	—	—	F.84.20
KLM C	F.90	182	2.70	27	4.60	—	—	"
KLM C	F.100	45	1	16	2.10	1	4	"
KLM C	F.110	30	0.60	—	—	—	—	"
KLM P	F.80	158	2.50	39	4.30	—	—	"
KLM P	F.90	115	8.50	—	—	—	—	"
KLM P	F.110	1	25	—	—	—	—	"
NEDL C	F.110	80	4.50	12	8.60	—	—	F.110
NEDL C	F.120	—	—	2	3	—	—	"
NEDL C	F.130	—	—	5	1.30	—	—	"
NEDL P	F.110	60	4.40	—	—	—	—	"
NEDL P	F.120	78	11	—	—	—	—	"
NEDL P	F.130	1	20	—	—	—	—	"
NATN C	F.115	—	—	5	4	—	—	F.116.80
NATN C	F120	—	—	2	1.40	—	—	"
PHIL C	F.20	10	4.10	—	—	—	—	F.24.10
PHIL C	F22.50	53	2.20	—	—	—	—	"
PHIL C	F.25	221	0.70	3	1.20	—	—	"
PHIL P	F.22.50	10	0.30	—	—	—	—	"
PHIL P	F.25	—	—	2	1.80	—	—	"
RO C	F.80	84	1.90	68	3.30	3	4.40	F.88.40
RO C	F.100	2	0.40	2	1.20	—	—	"
RO P	F.80	221	1.30	—	—	7	2.60	"
RO P	F.80	149	7.20	—	—	—	—	"
UNIL C	F.150	50	7	—	—	—	—	F.153.50
UNIL C	F.160	2	2	—	—	—	—	"
		Aug.		Nov.		Feb.		
MANN C	DM.130	—	—	—	—	10	10.50	DM129.30

TOTAL VOLUME IN CONTRACTS 5087

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	12 %
Allied Irish Bank	12 %
Amro Bank	12 %
Henry Ansbacher	12 %
Arbuthnot Latham	12 %
Associates Cap. Corp.	12 %
Banco de Bilbao	13 %
BCCI	12 %
Bank Hapoalim BM	12 %
Bank of Ireland	12 %
Bank Leumi (UK) plc	12 %
Bank of Cyprus	12 %
Bank Street Sec. Ltd.	13½%
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone	12½%
Barclays Bank	12 %
Beneficial Trust Ltd.	13 %
Bremar Holdings Ltd.	13 %
Brit. Bank of Mid. East	12 %
■ Brown Shipley	12 %
Canada Perm't Trust	12½%
Castle Court Trust Ltd.	12½%
Cavendish G'ty T'st Ltd.	13 %
Cayzer Ltd.	12 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12 %
Choulartons	13 %
Citibank Savings	‖12 %
Clydesdale Bank	12 %
C. E. Coates	13 %
Comm. Bk. of Nr. East	12 %
Consolidated Credits	12½%
Co-operative Bank	*12 %
Corinthian Secs.	12 %
The Cyprus Popular Bk.	12 %
Duncan Lawrie	12 %
Eagil Trust	12 %
E.T. Trust	12 %
Exeter Trust Ltd.	13 %
First Nat. Fin. Corp.	16 %
First Nat. Secs. Ltd.	15 %
Robert Fraser	13 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
Hargrave Secs. Ltd.	12 %
Heritable & Gen. Trust	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Hongkong & Shanghai	12 %
Kingsnorth Trust Ltd.	13 %
Knowsley & Co. Ltd.	12½%
Lloyds Bank	12 %
Mallinhall Limited	12 %
Edward Manson & Co.	13½%
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Norwich General Trust	12 %
P. S. Refson & Co.	12 %
Roxburghe Guarantee	12½%
Slavenburg's Bank	12 %
Standard Chartered	‖12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
TCB	12 %
United Bank of Kuwait	12 %
Volkskas Intl. Ltd.	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Wintrust Secs. Ltd.	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1 month 9.25%. Short term £8,000/12 month 11.6%.
† 7-day deposits on sums of: under £10,000 9%. £10,000 up to £50,000 9½%. £50,000 and over 10½%.
‡ Call deposits £1,000 and over 9%.
‖ 21-day deposits over £1,000 10%.
§ Demand deposits 2%.
¶ Mortgage base rate.

BIDS AND DEALS

Bell Group cuts Rugby Cement stake

The Bell Group of Perth, Western Australia, has cut its stake in Rugby Portland Cement. Headed by Mr Robert Holmes à Court Bell disclosed a 5.02 per cent holding in Britain's second largest cement manufacturer last June and the links between the two companies were strengthened earlier this year when Rugby's chairman, Lord Boyd Carpenter, accepted an invitation from Mr Holmes à Court to join the board of Associated Communications Corporation. However, Rugby was informed by telex yesterday that Bell had sold about a fifth of its holding and now controls just over 4 per cent.

BRAID GROUP

Rolling Investments has acquired a further 10,000 ordinary shares (approximately 0.23 per cent) of the Braid Group at 58p per share.

By 3 pm yesterday acceptances adjusted to exclude withdrawals, had been received in respect of 151,472 Braid shares (approximately 2.5 per cent).

Together with 2.58m shares held by Lookers, Lookers now owns, or has received acceptances in respect of 2,731,472 ordinary shares (approximately 45.5 per cent of the issued ordinary share capital of Braid).

YORKSHIRE FINE

Yorkshire Fine's acquisition of Sykes Booth and Company and sale and leaseback of Greenhill Mill were approved today at an EGM.

Net assets of Sykes Booth at June 30 1982, including benefit of business contracted at that date, have been confirmed to be not less than $80,000. Consideration will be £162,000 in cash with the balance represented by issue at par of 2.28m ordinary shares up 44,000 11 per cent cumulative redeemable convertible shares.

Dealings are expected to recommence on July 27.

Countryside chief ups his holding to 25%

Mr A. H. Cherry, chairman and managing director of Countryside Properties, is to increase his beneficial interest in the commercial and residential development group, by acquiring 300,000 shares from Mr S. Bobroff, a director and former chairman, prior to Mr Bobroff's forthcoming retirement. Mr Cherry's holding will amount to 1.52m shares, or 25.3 per cent of the equity.

The balance of Mr Bobroff's holding, 324,000 shares, has also been sold, while his family trusts have disposed of a further 1.05m shares. These interests were placed with institutional investors at the end of last week at a price of 125½p per share.

ERG EXPANDS

Electronic Rentals Group has acquired 90 per cent of the capital of Midlectron of Belper, Derbyshire, and 51 per cent of Terminal System Services of Horsley Woodhouse, Derbyshire. There are options to purchase the remaining shares on a performance related basis.

Consideration for the initial share purchase will be £800,000 to be satisfied by the issue of 1,139,763 ordinary shares. The remainder of the purchase price will not exceed £2.8m and will be satisfied by the issue of further shares.

Midlectron distributes mini and micro computers and custom engineered computer systems, while TSS services and maintains computer hardware and sells computer supplies.

NO PROBE

The proposed acquisition by Norsk Hydro of BIP Vinyls is not to be referred to the Monopolies and Mergers Commission.

84 companies wound up

Compulsory winding-up orders against 84 companies have been made by Mr Justice Nourse in the *High Court*. They are:

M. Babe and Sons; L. T. Carriers (London) and Co; Spurr Motors (Sheffield); Everest Engineering; F and M Transport; Travel Focus; Wight Sterling Dredging and Piling.

Mukhtar and Sons; Barry A. Titterell and Son (European); Haverstock Business Services; Grenville Lindsey; Myott-Meakin; M. and E. A. MacDonald; Elkadart.

J. M. Smart and Sons; Gibney's Restaurant; Oppidan Entertainments; Michael Kelly (Fashions); Birdlin (Rugby); Price Freezer.

Anastasia Promotions; Alan Lord; Lancashire Aircraft Company; Mike Dean Music; Molysan; Leckwith Industrial Fuels; Manchester Corn Grocery and Produce Exchange; McNamara Builders; Uolwest; Dellbest.

Limitpotol; Alpine Sports (Holborn); Allington Holdings; Roandale; C.H.E.M. Services; Val-U-Frame (Southern); B. G. Barnes and Son; Crapeland; Eynesbury House Properties.

S. J. Wine Bars; Leonard Black T Shirts; Moores Floors and Ceilings; Elswick Metals; Frixos Modes; Leaveroy; Newham Glass Centre; Scan Cargo (UK); Diners Cheques; Redford and Ringland.

Heavyside Builders Merchants and Plant Hire; Integrated Credit Management (Consultants); Integrated Security Services; Integrated Risk Management (Consultants); Blenheim Court Publishing.

Hargreaves and Mackenzie; Glanard Wood; Crown Joinery; Jubileejet; Charles Rosamond; Hartmuss; David Langston (Tiling Contractors); Woodmead Builders; Product Launch; Bennett's Leisure Sales.

Dragon Haulage; Routenorth; R. and P. Overseas Freight; Sefton-Abel Holdings; Microwave Kitchen; Bellvale Transport; Deckview; Chinegold; Middleton Printing Company.

Edward Collins and Co; Choice Plus; Myriad Kitchens (UK); George De-macha Properties; Electraplant; Sehara Fuel Oils (N.W.); London Photocopiers; A. S. Williams (Holdings); Computa Paper Sales; International Finance and Exchange Corporation; Merrion.

A compulsory winding up order made on July 12 against Silverling has been rescinded in the High Court by Mr Justice Nourse.

LONDON TRADED OPTIONS

July 27 Total Contracts 2,042 Calls 1,255 Puts 802

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	250	11	61	25	—	55	—	258p
BP (c)	280	⅛	—	13	5	24	2	"
BP (c)	300	¾	1	10	—	15	—	"
BP (p)	260	1½	—	12	13	14	—	"
BP (p)	280	12	3	22	—	23	—	"
BP (p)	300	32	1	52	—	42	13	"
CU (c)	120	22	20	26	—	32	—	142p
CU (c)	130	12	7	12	5	21	—	"
CU (c)	140	5	28	12	61	15	—	"
CU (c)	160	¼	4	6	2	8	—	"
Cons. Gld (c)	360	47	5	52	8	65	—	402p
Cons. Gld (c)	390	20	1	30	3	40	—	"
Cons. Gld (c)	420	1½	3	11	50	22	1	"
Cons. Gld (c)	460	1	—	8	3	—	—	"
Cons. Gld (p)	360	1	1	11	—	20	—	"
Cons. Gld (p)	390	3	3	25	2	32	—	"
Ctlds. (c)	70	13	15	15	—	22	—	82p
Ctlds. (c)	80	3	184	8	21	13	11	"
Ctlds. (c)	100	½	63	8	—	3½	—	"
GEC (c)	700	403	1	—	—	—	—	£11
GEC (c)	850	255	2	273	3	288	—	"
GEC (c)	900	200	3	223	—	248	—	"
GEC (c)	950	153	8	175	—	188	—	"
GEC (c)	1000	103	25	123	8	136	2	"
GEC (c)	1100	15	2	38	12	85	—	"
GEC (p)	850	1	17	5	—	8	—	"
GEC (p)	1000	1	—	13	2	22	—	"
Gr'd Met. (c)	134	121	4	—	—	—	—	252p
Gr'd Met. (c)	154	101	6	—	—	—	—	"
Gr'd Met. (c)	174	81	2	84	—	—	—	"
Gr'd Met. (c)	194	51	14	64	—	70	—	"
Gr'd Met. (c)	200	54	10	58	—	64	—	"
Gr'd Met. (c)	214	40	10	44	4	50	—	"
Gr'd Met. (c)	220	34	3	38	6	44	—	"
Gr'd Met. (c)	240	14	14	25	23	27	—	"
Gr'd Met. (c)	260	—	—	14	20	18	—	"
Gr'd Met. (p)	220	1	10	5	—	3	—	"
Gr'd Met. (p)	240	6	—	8	3	11	1	"
Gr'd Met. (p)	260	—	—	15	3	20	—	"
ICI (c)	260	60	4	—	—	—	—	306p
ICI (c)	280	30	—	34	—	42	4	"
ICI (c)	300	10	6	21	1	32	—	"
ICI (c)	330	⅛	4	2	—	16	—	"
ICI (c)	360	¼	5	3	—	—	—	"
ICI (p)	300	1	10	12	13	17	—	"
ICI (p)	330	24	4	32	—	38	—	"
Land Sec. (c)	280	15	24	25	—	37	—	298p
Land Sec. (c)	300	1½	15	17	16	24	—	"
Land Sec. (c)	350	⅛	—	5	1	—	—	"
Mks & Sp. (c)	140	51	6	34	18	30	25	170p
Mks & Sp. (c)	160	11	79	17	45	22	10	"
Mks & Sp. (c)	180	1	10	6½	46	8	25	"
Shell (c)	350	42	25	50	23	58	—	398p
Shell (c)	390	14	51	24	60	32	—	"
Shell (c)	420	1	1	12	25	22	22	"
Shell (c)	460	1	—	5	—	8	62	"
Shell (p)	350	1	28	7	1	10	—	"
		August		November		February		
Barclays (c)	360	53	2	48	—	57	—	323p
Barclays (c)	383	13	2	50	—	—	—	"
Barclays (c)	390	12	—	27	—	40	1	"
Barclays (c)	417	3	53	10	29	—	—	"
Barclays (p)	383	8	5	17	—	23	—	"
Barclays (p)	390	13	1	23	—	22	—	"
Imperial (c)	90	7½	19	10½	1	13	—	97p
Imperial (c)	100	1¼	50	5	8	8½	—	"
Lasmo (c)	300	2	3	32	5	48	—	299p
Lasmo (c)	350	3	10	12	—	34	—	"
Lasmo (c)	360	1	—	8	13	17	—	"
Lonrho (c)	70	18	5	19	—	20	—	88p
Lonrho (c)	80	8½	70	12	41	14	4	"
Lonrho (c)	90	3	10	7	170	2½	—	"
Lonrho (p)	80	2	—	3½	20	4	—	"
Lonrho (p)	90	6	20	10	5	11	—	"
P & O (c)	130	28	2	62	1	—	—	157p
P & O (c)	140	18	—	23	2	26	—	"
Racal (c)	390	100	—	116	1	133	—	488p
Racal (c)	460	32	7	50	—	67	—	"
Racal (c)	500	10	—	25	3	32	—	"
RTZ (c)	390	25	1	38	1	50	—	412p
RTZ (c)	420	2	—	22	3	32	7	"
RTZ (c)	390	7	2	25	2	30	—	"
Vaal Rfs. (c)	40	11	2	11½	1	12	—	$52
Vaal Rfs. (c)	55	⅛	—	2¼	10	—	—	"
Vaal Rfs. (p)	45	⅛	—	5¾	15	6	—	"

C=Call P=Put

Placing values Intereurope at £5.5m

THE PROSPECTUS is published today for the placing of 1.5m ordinary 20p shares in Intereurope Technology at 110p each. The placing of 30 per cent of the issued capital, valuing the company at £5.5m, is a prelude to joining the unlisted securities market scheduled for next *Monday*.

Intereurope's main business is the creation of technical documentation on high technology equipment and systems. All the shares being placed come from the *family* interests of the chairman, Mr David Immanuel. The family will still control 37.5 per cent of the equity after the issue.

The reason for joining the USM is to prepare for a share incentive scheme to reward key staff. Intereurope has no major new developments planned and has net cash of about £0.5m.

Apart from the creation of technical documentation, Intereurope is also involved in computer software development, and provides an international information service covering automotive and mobile construction equipment regulations.

Contracts directly placed by the MoD account for about 13 per cent of turnover, but about 70 per cent of turnover is tied up with the public sector.

In the year to June 30 1982, turnover was £5.443m and pre-tax profits were £680,000, a rise of 58 per cent on the previous year. There is no profits forecast for the current year, but the directors intend to recommend a dividend of not less than 4p.

County Bank is advising the company, and brokers to the issue are L. Messel.

● comment

When institutions, Intereurope employees, the chairman's *family* and *private* clients of Messel have taken their stakes, there is not a lot of equity available to the public. He might want a look in too. While Intereurope is not an electronics company as such it is healthily parasitical in that sexy sector. Over the last four years Intereurope has enjoyed a compound growth rate of about 22 per cent, and future growth should be organic. Net asset value is only about a third of the placing price, but then this is a company whose assets really are its employees. The historic fully taxed P/E at the placing price is almost 17, and the prospective yield is 5.2 per cent. Fancy figures, but then there is no other stock like it, and the complexity of the product is bound to impress.

Sheraton set for USM

Sheraton Securities International is seeking a quotation on the Unlisted Securities Market. The shares of this property investment and development company are currently traded under Rule 163(2).

The existing property portfolio consists largely of industrial and warehouse units mainly in the south east, some of which are held for resale.

Gross rental for the year to March 31 1982 jumped from £80,844 to £379,493 and investment properties were independently valued this week at £7.79m, compared with a year-end book figure of £7.13m (£4.29m).

After interest costs of £295,000 there was a pre-tax loss for the year of £43,000.

Accumulated losses amounted to £925,776 precluding payment of dividends except out of realised profits.

Acquisitions and new developments are currently financed from bank borrowings which at the end of March stood at £4m.

The largest industrial development, which is in progress at Kingston-on-Thames, is being financed by Barclaytrust. The company anticipates that an increasing proportion of developments managed by the group will be institutionally financed.

In January 1981 the group raised £1.36m by way of a rights issue at 12p a share to purchase three properties. There is currently £3.75m of issued capital in 10p shares.

Sheraton was incorporated as William E. Dunn, a metal trader and aluminium producer, in 1954 but the share quotation was suspended in 1972 when these activities were sold. Bank support enabled the subsequent property company to survive at a reduced level through the 1970s.

In April 1980 the present chairman Nicholas Tucker, 31, director Richard Freemantle, 41, and various associates acquired some 77 per cent of the company for £52,048.

Since then the company has made a number of acquisitions for shares and cash.

Portsmouth Water placing

SEYMOUR PIERCE and Company has completed the placing of £4m Portsmouth Water Company 14 per cent Redeemable Debenture Stock 1992 at par. About a tenth of the issue will be available to the market today.

Comparative Government stocks are yielding about 13¼ per cent.

This is the biggest single tranche debenture placing by a water company. Apparently the using up of capital allowances prompted Portsmouth to issue Debenture, rather than Preference stock.

● comment

The yield on Portsmouth Water's debenture stock is about three-quarters of a point ahead of the comparable gilt. But that is seen as "no more than adequate" by the market. There is interest though, not just in the fact that as a water company debenture it is a rather unusual animal, but also in the relative distance of the maturity date—1992—which could fill an income gap in some portfolios.

Goldcrest Films raises £9m by private placing

Goldcrest Films and Television, a wholly owned subsidiary of Pearson Longman, has raised £9.4m to develop and produce films and television programmes for distribution in the UK and abroad.

The finance has been raised by a private placing through the Edinburgh merchant bank Noble Grossart, of limited partnership interests in the newly formed Goldcrest Films and Television Partners.

Goldcrest had been hoping to raise £12m, with a minimum limit of £8m, from City investing institutions encouraged by the *success of the company's* Chariots of Fire production.

Camco income up by 28% after first half

Pre-tax income of Camco, a listed subsidiary of S. Pearson & Son, rose to U.S.$8.02m (£4.6m) in the three months to June 30 1982, compared with $6.59m in the corresponding period of last year. This takes the first-half total to $14.2m, up 28 per cent from $11.1m.

Second quarter net sales were slightly ahead at $50.19m ($48.38m), giving a midway figure of $89.07m ($87.15m). Costs and expenses for the six months amounted to $74.86m ($76.05m), and provision for income taxes is $6.18m ($4.92m), leaving net income of $8.03m ($6.12m).

Net earnings per share for the company, which manufactures gas-lift equipment and safety systems, and supplies related services for the energy industries, are stated at $1.11 ($0.86), and a dividend of 10 cents (8 cents) is declared for the half year.

Mr Gilbert H. Tausch, president and chief executive, says the performance reflects continued domestic demand for the company's products and services, continued international demand for services, and the cost-containment programmes implemented in anticipation of a slowed growth rate for this year.

Temple Bar Investment Trust static

The group earnings before tax of Temple Bar Investment Trust remained almost static at £1.5m for the six months to June 30, 1982 compared with £1.51m for the same period last year. Group revenue stood at £1.69m against £1.65m.

The net interim dividend per 25p share has effectively been raised from 1.25p to 1.5p to reduce the disparity between the interim and final.

They consider they will be able to recommend the payment of a total dividend of not less than 3.95p. A total of 3.95p was paid last year, after adjustments for a one-for-one scrip.

Earnings attributable to shareholders dropped from £1.03m to £995,000.

The trust reports investments at middle market price or valuation of £44.18m (£42.46m). Net assets attributable to ordinary shareholders have increased from £41.96m to £42.31m. Net assets per share have improved from 71.85p to 74.04p and allowing for full conversion of loan stock from 71.8p to 73.99p.

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COMPANY NOTICES

ART GALLERIES

Companies and Markets

UK COMPANY NEWS

Gallaher down 8% at six months

ALTHOUGH TRADING profits of Gallaher rose by 12 per cent to £42.5m, higher interest charges meant that pre-tax figures for the half year to June 30, 1982 were down by 8 per cent at £33.6m, compared with £36.5m. External sales increased from £873.8m to £1.05bn.

In the second quarter of 1982, the company, which is a subsidiary of American Brands Inc., made pre-tax profits of £10m (£11.8m). The interest charges—up from £1.3m to £8.9m for the first six months—were principally affected by the cost of 1981 acquisitions.

A divisional split of group sales and trading profits shows respectively:—tobacco £794.1m (£668.2m) and £31.5m (£30.5m); pumps and valves £38.1m (£33.7m) and £2.3m (£1.3m loss); optical £33.1m (£23.1m) and £5.9m (£4m); distribution £223.3m (£199.8m) and £2m (£5.1m); office products £27.4m (—) and £1.7m (—). Inter-divisional sales accounted for £62.1m (£51m) and there were debit adjustments of £0.9m (£0.5m) on trading profits.

In tobacco, cumulatives show a small improvement, but second-quarter profits were down from £7.2m to £5.5m as a result of the high stocks built up by the trade ahead of the Chancellor's budget. Conditions remain highly competitive, but Gallahar's market shares have been more than maintained. Overseas results have been mixed, with a good performance from Niemeyer, partially offset by difficult trading conditions affecting Ritmeester cigars.

A major improvement has been achieved in pumps and valves in the second quarter. Demand for Mono pumps has risen in a number of markets, and the benefits of reorganisation carried out in 1981 are showing through at both Mono and Saunders. Engineering orders world-wide are, however, still flat.

Progress in the optical division mainly reflects the benefit of the 1981 acquisitions. Consumer spending remains depressed both in the UK and in Italy.

Distribution profits for the second quarter were down from £3.4m to £0.9m as a result of the competitive conditions following the Chancellor's budget. Full year results are expected to show a fairly marked recovery, but not to the level of 1981.

Good results were achieved by office products in the second quarter. Although current trading at home and abroad is affected by the economic recession, results for the whole year are expected to be satisfactory, and development of the business is progressing.

B & C expects progress in year ahead

Lord Cayzer, chairman of British & Commonwealth Shipping Company, ship and aircraft operator, told members at the annual meeting that he expected the group would do rather better this year than in the previous twelve months.

In the last full year to end December 1981 pre-tax profits rose from £24.19m to £28.31m on sales higher at £345m against £334.8m.

He said that he could now be much more confident about the fixed-wing company, Air UK. If present trends continued, he said, it would be near to break even in the current year.

However, he added that the shipping side was now giving cause for concern. "The decline in trading," said Lord Cayzer, "with too many ships in the world does not make for profit." He said that the crewing of the group's ships cost more than many competitors. Overcapacity in world shipbuilding and easier credit terms were given as further reason for declining profits.

During the year some ships, one hotel, and the insurance company Scottish Lion had been disposed of. This included the last two Class Line ships. This was on top of cutbacks in Air UK. Lord Cayzer added that the office equipment side had been experiencing difficulties, but Bristow Helicopters had performed well.

During the past year Cayzer, Gartmore had been strengthened. It consisted of Gartmore, which worked in investment management and unit trusts, Cayzer, a small bank which had been refinanced and was under new management, plus a venture capital side.

Some associated companies such as Steel Brothers, Country and New Town and J. N. Nichols (Vitmo) all showed promise for the future said Lord Cayzer.

Hampton Trust recovers to profit of £217,000

PRE-TAX PROFITS of £217,000 are reported by Hampton Trust for the year to March 31 1982, in contrast to losses of £16,000 the year before. Again no dividend will be paid.

Total income came to £383,000 (£148,000), including interest received of £107,000 (£17,000) and net rental income of £185,000 (£128,000). Expenses totalled £166,000 (£164,000), including management and other expenditure of £150,000 (£124,000), and tax took £16,000 (£6,000). Net earnings per 5p share are stated at 1.14p (loss 0.13p).

The group's main activities are holding of investment property, receiving of lease rents and prospecting fees, mineral and oil and gas exploration, and investment in stocks and shares. Revaluation of the group's UK properties at year end has produced a surplus over balance sheet values of £927,931. Taking this into account, the group's net assets total £3.66m (£2.44m), equivalent to 20.8p (13.9p) per share.

The company has sold its freehold property in Poland Street, W1, for a net £189,677 cash, and the realised profit of £94,677 on the transaction will be transferred out of capital reserve into revenue in the current year.

Net assets also include payments of £273,034 (£126,316) in respect of West Australian oil and gas exploration permit EP 100. The conditional contract for purchase of a 3.5 per cent working interest in the permit was subject to consents, one of which was that of the operators.

This consent could only be obtained if the Australian Foreign Investment Review Board would grant the company Australian status. The review board refused to do this without radical changes in the company's structure.

Negotiations on the matter could not be concluded on terms which could be recommended to shareholders. However, production tests began in mid-May in the permit area and are scheduled to last three months. The negotiations have been suspended until the results of the tests are known.

Progress at Cadbury Australia

Net profit after tax at Cadbury Schweppes Australia improved by 30.6 per cent from A$5.09m to A$6.64m in the 24 weeks to June 19 1982. Sales showed an increase of 11.5 per cent, rising from $118m to $132m.

At the company's annual meeting in May, Sir Rupert Clarke, the chairman, reported favourable results for the first quarter. This trend continued through the first half. Despite a general slow-down in economic conditions, the directors are confident that the results for the full year will show a satisfactory increase over the previous year.

The interim dividend is 3.75 cents, payable on capital increased by the one-for-two bonus issue in May. This is in line with the chairman's statement when announcing the bonus issue that the annual dividend rate of the enlarged capital will be no less than 15 per cent (7.5 cents per share).

YEARLINGS 12%

The interest rate for this week's issue of local authority bonds is 12 per cent, unchanged from last week and compares with 14¼ per cent a year ago. The bonds are issued at par and are redeemable on August 3, 1983.

A full list of issues will be published in tomorrow's edition.

St Andrew Trust improves marginally

Taxable revenue of St Andrew Trust improved marginally from £640,416 to £675,624 during the half year to June 30 1982. This was made up of franked investment income of £415,858 compared with £424,024, and unfranked investment income of £259,766 against £216,392.

A net interim dividend of 2.5p per 25p share has been repeated. Stated earnings per share have risen from 3.13p to 3.21p.

The trust reports interest charges on borrowed money of £7,915 (£7,762) and management expenses of £67,618 (£54,875). Tax took more at £220,558 against £207,160.

Attributable net assets dropped from £24.38m to £22.76m while the net asset value per share, after deducting prior charges, fell 212.8p to 198.7p at par and from 217.2p to 202.8p at market value.

The directors point out that almost 20 per cent of the company's assets have been sold and re-invested—an indication of the progress in the first half towards adopting the new policy of investing in companies with smaller market capitalisation.

They add that the turnover in the UK has been higher as this was the area in which the major change in emphasis was required. The new policy will continue as market conditions permit, they say.

POLYMARK

The listing of Polymark International has been restored following the passing of resolutions contained in a circular letter dated July 1. The suspension was lifted from 3.30 am yesterday.

UK COMPANY NEWS

Hambro Trust ahead at £859,000

AN INCREASED final net dividend has been declared by Hambro Trust at 4.12p for the year to June 30 1982 against 3.49p last time, which raises the total from 4.84p to 5.71p.

The share of profits after investment gains and extraordinary items of Hambros and another associated company fell, however, from £3.39m to £2.25m.

The amount available for ordinary shareholders of this close company came through higher at £859,000 compared with £725,000. At half time the available profits were ahead from £207,000 to £239,000, which the chairman said was due to an increase in dividends receivable.

Earnings per 25p unit were given before investment gains and extraordinary items as falling from 14.99p to 11.72p. After investment gains but before extraordinary items they were given as falling from 19.12p to 14.46p.

Other income less expenses and tax increased from £49,000 to £68,000.

Whitecroft well ahead in first quarter

Profits for the first quarter of the current year at Whitecroft were well ahead of the corresponding period last year, and showed an encouraging advance over the rate of profit earned in the previous year as a whole, Mr John Tavare, the chairman, told the annual meeting.

For the year ended March 31 1982 pre-tax profits were more than doubled at £3.57m (£1.73m) on a lower turnover of £86.7m (£89.5m). The company's interests include textiles, building and engineering supplies and engineering.

Warnford Investments PLC

Highlights from the Review by the Chairman, Mr. G. Ross Goobey for the year ended 25th December 1981.

PROFITS
Turnover of the Group increased by 20% to £4,084,489 and net revenue before tax increased by £986,317 to £3,313,933.

DIVIDEND
Dividends increased to 12p per share (10p).

PROSPECTS
Planning permission has been granted to redevelop properties in Wardrobe Place, London E.C.4. Increases in revenue expected to be maintained.

Salisbury House, London EC2

MINING NEWS

Olympic Dam reveals huge potential

BY KENNETH MARSTON, MINING EDITOR

THE EXCITING news, reported in this column yesterday, that further exploration work at the Olympic Dam copper-uranium-gold prospect in South Australia of Western Mining (51 per cent) and BP Australia (49 per cent) had outlined mineralisation of a breathtaking 2bn tonnes has provided plenty of talking points Down-Under.

Taking a line through the modest average grades disclosed of 1.6 per cent copper, 0.6 kilogrammes uranium oxide per tonne and 0.6 grammes gold per tonne, it has been pointed out that the uranium content alone amounts to 1.2m tonnes compared with an estimated 429,000 tonnes of the material accounted for by the country's nine other large uranium discoveries.

The copper content works out at 32m tonnes of metal and compares with the total western world mine output last year of some 6.4m tonnes. The gold content is a huge 1,200 tonnes, equivalent to about the total world production last year. And it is possible that the Olympic Dam mineralisation will be found to be even larger as work proceeds.

Michael Thompson-Noel reports from Sydney that Mr Hugh Morgan, executive director of Western Mining said that Olympic Dam ranked amongst the largest in the world adding "I guess there are bigger ones, but who knows the extent of the orebody?"

In Australia it is thought that the Stuart Shelf, the major geological feature on which the deposit occurs could prove to be a major mineralised area similar to the Zambian Copperbelt and Western Mining has already found mineralisation to the south at the Acropolis prospect.

At all events, Mr Morgan commented that the overall richness of the orebody lies not in its modest metal grades but in its size.

Western Mining and BP have until December 1984 to complete their A$100m (£57m) feasibility study and a decision to take the A$1.5bn venture to production must be made within three years of that date. "We are likely to move quicker than that," said Western Mining, "but production is unlikely to start before 1989-90 at the earliest."

Amid the euphoria surrounding the latest news from Olympic Dam there has come a sour note from the opposition Australian Labor Party which is against uranium mining.

The party's shadow environment spokesman, Mr Stewart West, has warned potential uranium investors that to open up new uranium mines in Australia could prove an "extremely risky" decision.

Under current ALP policy, he said, the proposed big new Jabiluka uranium mine of Pancontinental and Getty Oil in the Northern Territory, which has just been given a governmental go-ahead, would not gain approval. His remarks have been taken to apply with equal force to the Olympic Dam project.

The Federal Liberal government in Canberra thus seems to be set on a direct collision course with the ALP over the uranium issue, despite an alleged softening of the latter's uranium policy at its conference earlier this month. However, it may be difficult for this attitude to prevail against the potential benefits of the new mining operations.

In London yesterday shares of Western Mining eased 5p to 178p in a generally depressed market.

Asarco deeper into the red

WEAK prices for silver, copper, lead and zinc are reflected in a much increased second-quarter loss of $24.8m (£14m) at America's Asarco. This makes a half-year loss for the mining major of $26.2m, equal to a deficit of $1.49 per share, compared with net income of $28.4m in the same period of last year.

The results for the latest half-year include pre-tax currency exchange gains of $25.8m compared with credits of $8.2m a year ago. They reflect the strengthening of the U.S. dollar against the currencies of Australia, Mexico and Peru where Asarco has major investments in associated companies.

The company's second-quarter loss was also cushioned by a U.S. Supreme Court decision that the State of Idaho is constitutionally barred from taxing Asarco's dividends, capital gains and interest income from certain major associated companies.

NEWCONEX

Newconex, a Consolidated Gold Fields group company, has announced that its subsidiary Peel has been bought by Amalgamated Oilfield Supplies.

Hamersley does better, but . . .

A WELCOME change from the usual news of losses or sharply reduced earnings in the mining industry comes with half-year results from the Rio Tinto-Zinc group's Australian iron ore major, Hamersley Holdings.

Consolidated net earnings for the first half of this year have improved to A$25.5m (£14.6m) from A$6.6m a year ago. But Hamersley points out that the latest profit represents a return of only 5 per cent per annum on shareholders' funds.

The company is not declaring an interim dividend: the interim was also passed last year but there was a final of 5 cents.

The latest earnings improvement reflects higher sales revenue as a result of increased average prices received for iron ore coupled with a more favourable Australia-U.S. exchange rate for exports; iron ore sales are made in U.S. dollars.

According to the production figures the mine is still operating at about two-thirds of capacity although shipments in the latest half year were above those of a year ago despite strikes and the steel recession.

Hamersley comments: "Forecasts for steel production in all the company's market areas have been reduced for the remainder of 1982 through into at least early 1983. A soft demand for iron ore can thus be expected to continue in the months ahead. Under-utilisation of installed facilities remains a major concern of the company."

Denison Mines still in profit

CANADA's Denison Mines is one of the handful of mining majors still in the black this year although its first-half net profits have been more than halved to C$17.4m (£7.8m), or 95 cents per share, from C$37.6m in the same period of 1981.

Gross revenue climbed 72 per cent to C$303m as a result of higher uranium deliveries from the expanded uranium mine and mill at Eliot Lake in northeast Ontario and the big increase in oil and gas production reflecting the achievement of design capacity at the oil and gas operations in Greece, reports John Soganich from Toronto.

But the decline in earnings is attributed to the fact that gains realised on sales of portfolio investments and interests in mineral properties declined substantially this year. Other factors were higher interest, depreciation and uranium production costs.

Mr Stephen B. Roman, the chairman, says that Denison has completed major steps in its financial planning for its new projects.

These include the financing arranged with a group of Canadian, Japanese and French banks for the Quintette coal project in British Columbia which is expected to be completed by end-September.

Quintette, which is due to reach production in October 1983, has already sold all of its annual output of 6.3m tonnes for the first 15 years of operation. As already reported under a change in the ownership structure Denison's interest in Quintette is to rise to 50 per cent.

RESULTS AND ACCOUNTS IN BRIEF

TRENT HOLDINGS (specialist door manufacturer)—Results for year to March 31 1982 reported July 2. Shareholders' funds £1.14m (£956,834); fixed assets £1.03m (£989,897); net current assets £88,998 (£106,737); decrease in net borrowings £213,564 (£130,201 increase). Meeting: Sandiacre, September 28 at 10 am.

CHAMBERLAIN PHIPPS (footwear, wallpaper, automotive components)—Results for year ended March 31 1982 reported June 22—in full preliminary statement with prospects. Group fixed assets £11.79m (£11.54m), net current assets £6.15m (£6.63m), shareholders' funds £14.82m (£13.67m). CCA pre-tax profit £1.93m (£148,000). Meeting, the Manor House, Higham Ferrers, Northamptonshire, on August 19 at 2.30 pm.

MIDLAND TRUST—Final dividend 3.85p (same) making total 5.3p (same) for the year to June 30 1982. Profits £284,312 (£287,090) after tax £123,878 (£123,038); stated earnings per 25p share 6.73p (6.79p) and net asset value 138p (132p).

BRITISH TAR PRODUCTS (chemical manufacturing, marchandising and bulk storage concern)—Results for year to January 31 1982 reported on July 2. Shareholders' funds £7.71m (£7.65m); fixed assets £6.7m (£7.28m); net current assets £2.9m (£2.63m); increase in net liquid funds £410,000 (decrease £64,000). Current cost pre-tax profits £689,000 (£532,000) against historical profits £1.04m (£707,000). Imperial Chemicals Staff Pension Fund holds 11.79 per cent of ordinary shares. Meeting: Café Royal, Regent Street, W, August 11, at noon.

INTASUN (holiday tour operator and charter airline)—Results for year to March 31 1982 reported on July 7. Shareholders' funds £22.16m (£13.7m); fixed assets £39.76m (£32.06m); bank deposits and cash £31.9m (£20.96m); net current assets £12.32m (£7.36m); increase in net liquid funds £11.34m (£13.07m). Meeting: Howard Hotel, Temple Place, WC, August 12, at 11.30 am.

CHILD HEALTH — Income £57,000 (£71,000) for the half year to June 30 1982. Pre-tax profit £8,000 (£16,000) after payments under deeds of covenant to charity £35,000 (£48,000), etc. Tax £4,000 (£11,000). Net asset value 150.1p (181.2p).

SYMONDS ENGINEERING—Results for year ended March 31 1982 already known. Group fixed assets £483,439 (£491,710). Net current assets £682,003 (£626,968). Shareholders' funds £1.17m (£1.1m). Bank overdraft nil (£152,877). Increase in net working capital £227,000 (£132,000 decrease). Chairman says currently the order book continues to hold steady and if this trend is maintained, he is hopeful that the company might achieve a satisfactory result for 1982-83. Meeting, Great Eastern Hotel, EC, August 12, at 11.30 am.

MAY AND HASSELL (timber importer)—Results for year to March 31 1982 reported on July 6. Shareholders' funds £17.28m (£16.19m); fixed assets £10.41m (£9.84m); net current assets £11.41m (£12.62m); decrease in working capital £1.32m (£2.14m). Meeting: Bristol, August 20 at noon.

TRUST OF PROPERTY SHARES — Franked investment income for the six months to June 30 1982 £10,290 (£8,233). Treasury bills surplus £12,490 (£5,284). Short term interest £583 (£266). Rental income nil (£500). Underwriting commission £625 (nil). Total revenue £23,988 (£14,283). Interest charges — short term £109 (nil). Expenses £4,427 (£3,855). Revenue before tax £19,452 (£10,428). Tax £7,526 (£3,567). Net available £11,926 (£6,861). Earnings per 5p share 0.198p (0.114p). Net assets per share 10.5p (12.09p). No interim dividend has been declared.

EAST OF SCOTLAND ONSHORE—Pre-tax revenue for 16 months to May 31 1982, £418,934 (£141,044, for 12 months to January 31 1981); income from investments, £342,535 (£91,534); deposit interest receivable £152,092 (£83,739); commitment fee, £857 (£4,000); management expenses £76,550 (£38,529), tax £187,412 (£59,645), leaving attributable profits £231,522 (£81,399). Final dividend in respect of the 16-month period, 1.35p for a total of 1.85p net (0.83p for 12 months). Earnings per share 2.7p (1.36p), based on weighted average number of shares of 8.57m (6m), and 2.32p (1.36p) based on total number of shares outstanding of 10m (6m). Net asset value per share 80p (46.9p).

APPOINTMENTS

BNOC senior post

Mr Ian Goskirk has been appointed a full-time member of the BRITISH NATIONAL OIL CORPORATION (BNOC) for three years from August 1. For the past two years he has been managing director of BNOC (Trading). It is envisaged that Mr Goskirk will take over as chief executive of BNOC when Britoil (the company which is being established under the Oil and Gas (Enterprise) Act to hold the corporation's "upstream" interests) ceases to be its subsidiary.

★

Dr S. B. Caflisch joined the board of PROVIDENT LIFE ASSOCIATION OF LONDON. He is a manager of Winterthur Swiss Insurance Company, Provident's parent company.

★

Lord Howick has retired from the board of THE LONDON LIFE ASSOCIATION, and Mr R. M. Mays-Smith has accepted the Board's invitation to fill the vacancy. Mr Mays-Smith has been a banking director with Kleinwort, Benson since 1972.

★

Mr R. O. Taylor, chief executive of the Leeds based Howson-Algraphy Group of Vickers and a director of Vickers, has been appointed a Non-executive director of HOPKINSONS HOLDINGS.

★

CHEMICAL BANK has appointed Mr Stanley Howell, vice president, as General Manager for its new operations centre in Cardiff. Previously Mr Howell has been deputy general manager of the bank's London branch; he takes up his new responsibilities on September 1. The banks has also appointed Mr Raymond Heaney, assistant vice president, as head of operations UK. Mr Heaney is transferring to Cardiff from New York.

★

Mr Barry Griffin has been appointed managing director, Europe, for HYDRO-AIR subsidiaries in the UK, France and Germany. All Hydro-Air's business in Europe will now be co-ordinated by the management within the UK company. Dr Robert Swann is made technical director, while Mr Len Newman is appointed commercial director and Mr Alan Brown becomes manufacturing director. Mr Peter Whitby, who is appointed deputy managing director, will have additional special responsibilities for financial and administrative matters and will assist the parent company, Moehlenpah Industries, in the financial planning of the European and South African operations.

★

Mr Denys W. Povey has retired as managing director of THOMAS ROBINSON AND SON, but remains chairman. Mr Philip White has been appointed deputy chairman. Mr Ian Davis, deputy managing director, becomes managing director. Mr Henry Clayton has retired as a director. Mr Albert Kay, company marketing manager, has been appointed a director.

★

Mr Brian Wood joins WINDSOR LIFE ASSURANCE COMPANY as chief financial officer from Albany Life Assurance, where he was assistant actuary. Mr Frank Kearney becomes Windsor Life's regional manager for London and the south east of England. He was general sales manager with Save and Prosper.

★

MAMOD has appointed Mr John Stevens as sales director.

★

Mr D. T. Ash has joined SINGER SEWING MACHINE COMPANY as vice-president—distribution business, European division. He joins from Norcros Industry (UK) where he was the consumer chief executive. Mr M. J. Ewing has joined Singer as director — personnel and organisation for the European division. He joins from Ingersoll-Rand where he was personnel director—Europe.

★

CHUBB & SON has appointed Professor Michael John Lanigan as director of technology. He holds the chair of digital electronics at Kent University.

★

MICRELEC has appointed Mr Malcolm Dodd as technical director. He joined from Real Time Control where he was senior engineer.

★

Mr A. L. Window has become a director of WELWYN ELECTRONICS, a Royal Worcester company. He continues as managing director of Welwyn Strain Measurement, Basingstoke.

CALEDONIA INVESTMENTS PLC

Lord Cayzer's Statement

The 53rd Annual General Meeting of Caledonia Investments was held on July 27th in London. The following is the circulated statement of Lord Cayzer, the Chairman:

The profit for the year amounted to £4,382,000, compared with £4,144,000 for the previous year.

A final dividend of 8.5p has been recommended which, together with an increased interim of 6.0p, will give a total of 14.5p per ordinary stock unit, compared with the 13.5p paid in respect of the previous year. It is also proposed to increase the issued share capital by way of a capitalisation issue of one ordinary stock unit of 25p for every ten ordinary stock units held. The new ordinary stock units will not rank for the final dividend in respect of the year ended 31st March, 1982. The appropriate resolutions will be submitted to stockholders at an Extraordinary General Meeting which will follow the Annual General Meeting, together with other resolutions concerning the share capital of the Company.

Our investment income, including interest receivable, showed a relatively modest increase of some 6½ per cent, but I would remind stockholders that the year received no benefit in terms of an increased final dividend from our principal investment in The British & Commonwealth Shipping Company PLC.

Overall there is little difference in the trading profits contributed by our subsidiaries. Once again, there have been mixed fortunes, but the roles have been reversed. Amber Industrial Holdings, largely due to a strong performance from its industrial aerosols side, has achieved a fine recovery in profits, despite continued difficult trading conditions. On the other hand, the Urquhart Engineering group has suffered a severe setback in profits. This arose within one of its subsidiaries, largely as a result of a difficult contract entered into some years ago, allied to the effect of poor trading conditions throughout the year.

As reported formally elsewhere, my brother, Bernard Cayzer, died during the year. His loss is greatly felt by all who knew him and worked with him in the Company.

Finally, I would wish to thank once again all those who work for the various companies within the Group for their continued effort and support.

NOTICE OF MEETING OF HOLDERS OF FLOATING RATE NOTES DUE 1988 TO BE HELD ON AUGUST 20, 1982

GRUPO INDUSTRIAL ALFA, S.A.

NOTICE IS HEREBY GIVEN that a meeting (the "Meeting") of holders of the Floating Rate Notes Due 1988 (the "Notes") of Grupo Industrial Alfa, S.A. (the "Company") will be held at the offices of Bankers Trust Company, Dashwood House, 69 Old Broad Street, London EC2P 2EE, England, on Friday, August 20, 1982, at 11:00 o'clock, London time (the "Meeting Date").

The Meeting has been called by the Company and by Bankers Trust Company pursuant to and as Trustee under the Indenture (the "Indenture") dated as of June 18, 1981 from Grupo Industrial Alfa, S.A. to Bankers Trust Company, Trustee (the "Trustee") for the following purposes:

(1) For Noteholders to consider a report to be made at the Meeting by officers of the Company on the current financial condition of the Company and the proposed restructuring of the Company's external debt, including the status of the Company's negotiations with its other lenders and a moratorium the Company has imposed on payments to certain creditors.

(2) For Noteholders to consider and vote upon resolutions with regard to (a) the waiver of the non-compliance by the Company prior to the Meeting Date of certain covenants under Article Nine of the Indenture to maintain certain financial ratios, and (b) the waiver of future compliance by the Company up to and including February 28, 1983, with such covenants under Article Nine.

(3) For Noteholders to consider giving such directions to the Trustee as may be lawful and proper as to the time, method and place of exercising its powers and responsibilities.

(4) For Noteholders to take any other action upon and to transact such other business as may properly come before the Meeting or any adjournment thereof.

The Company has informed the Trustee that it is not in compliance with certain financial ratio covenants under Article Nine and has requested the waivers as set forth in paragraph 2 above. The Company has also informed the Trustee that its moratorium on repayment of debt to certain other creditors might permit the calling of an Event of Default under the cross default provisions of Section 501(4) of the Indenture, but notice of a default in payment of other debt has not been provided to the Trustee and an Event of Default has not been called in respect thereof.

IT IS IMPORTANT THAT NOTEHOLDERS OR THEIR PROXIES ATTEND AND VOTE AT THE MEETING

Each Holder of one or more Notes may vote in person at the Meeting or such Holder may appoint by written instrument another person, whether or not a Noteholder, as Proxy to vote at the Meeting. Each Holder may also evidence his consent to the waivers set forth in paragraph 2 above by executing and delivering, in advance of the Meeting, a Consent to the waivers requested by the Company. Attendance at the Meeting is restricted to Noteholders, their legal advisors and their duly authorized Proxies.

The Indenture provides that the Holders of a majority in principal amount of the Outstanding Notes (or such lesser amount, not less than 25%, as shall have acted at an adjourned Meeting) have the right to waive Company compliance with certain of its covenants in the Indenture and to give the Trustee such directions as to the time, method and place of exercising its powers as may be lawful and proper. Noteholders also have the right to form a committee to meet and consult with the Company and the Trustee on matters of continuing interest and importance. The Meeting will give all Noteholders an opportunity to consider such matters.

If a Noteholder is not able to attend the Meeting personally or by Proxy, the Company urges that he complete and deliver a Consent to the waivers requested above. Written Consents to the action requested by the Company may be counted toward a quorum and toward the required favorable vote on the matters consented to. Such Consents may not, however, be counted toward a quorum or be voted on any other matters coming before the Meeting, and accordingly Noteholders are urged to attend the Meeting personally or by Proxy, if possible.

Any resolution passed or decision taken at any Meeting of Noteholders duly held in accordance with the Indenture is binding on all Noteholders whether or not they are present or represented at the Meeting; provided, however, that certain terms of the Indenture, such as the stated maturity of the Notes or any coupon appertaining to any installment of interest on any Note, may not be modified without the consent of each Holder of Outstanding Notes.

A packet of materials, including a form of Proxy, a form of Consent, a Certificate of Ownership of Notes, detailed instructions on how to vote, and a return envelope will be available to Noteholders at the following addresses:

Bankers Trust Company
Corporate Trust Division
P.O. Box 318
Church Street Station
New York, N.Y. 10015

Bankers Trust Company
Dashwood House
69 Old Broad Street
London EC2P 2EE England

Bankers Trust Company
12-14 Rond-Point des Champs-Elysee
75386 Paris, France

Bankers Trust AG
Dreikonigstrasse 6
CH-8022 Zurich, Switzerland

Banque Du Benelux, S.A.
Rue des Colonies 40
1000 Brussels, Belgium

Bankers Trust GmbH
Bockenheimer Landstrasse 39
6000 Frankfurt/Main 1
West Germany

Banque de L'Indochine et de Suez S.A.
10 Rue Aldringen
Luxembourg

All Noteholders are urged to obtain and review such materials. If a Noteholder desires these materials to be mailed to him, he is urged to contact the Trustee or the Company's Agents at any of the foregoing locations. The Company also expects to have certain written information concerning its financial condition and plans available to Noteholders on or about August 10, 1982. Noteholders who desire this information should contact the Trustee or the Company's Agents at the foregoing locations prior to August 10, 1982, so that the information may be made available to them at the earliest practicable date.

BANKERS TRUST COMPANY,
AS INDENTURE TRUSTEE
Corporate Trust Division
P.O. Box 318
Church Street Station
New York, New York 10015
Tel. No. (212) 775-3593 or
(212) 775-3595

Dated: July 28, 1982

GALLAHER

Unaudited results for six months ended 30th June 1982

	Six months ended 30.6.82 £ million	Six months ended 30.6.81 £ million	Year ended 31.12.81 £ million
Group Sales	1,053.9	873.8	1,928.7
Profit before interest	42.5	37.8	84.5
Profit after interest	33.6	36.5	80.4

- Group trading profit 12% up at £42.5 million.
- Non-tobacco subsidiaries' profits increase by over 50%.
- Pre-tax profit down 8% due to higher interest charges resulting mainly from 1981 acquisitions.

Tobacco
Cumulative results show a small improvement, but the second quarter was down as a result of the high stocks built up by the trade ahead of the Chancellor's budget. Conditions remain highly competitive, but Gallaher's market shares have been more than maintained.
Overseas results have been mixed, with a good performance from Niemeyer partially offset by difficult trading conditions affecting Ritmeester cigars.

Pumps and Valves
A major improvement has been achieved in the second quarter. Demand for Mono pumps has risen in a number of markets, and the benefits of reorganisation carried out in 1981 are showing through at both Mono and Saunders. Engineering orders world-wide are, however, still flat.

Optical
Progress mainly reflects the benefit of the 1981 acquisitions. Consumer spending remains depressed both in the UK and in Italy.

Distribution
Results for the second quarter are down as a result of the competitive conditions following the Chancellor's budget. Full year results are expected to show a fairly marked recovery, but not to the level of 1981.

Office Products
Good results were achieved in the second quarter. Although current trading at home and abroad is affected by the economic recession, results for the whole year are expected to be satisfactory, and development of the business is progressing.

INTERNATIONAL COMPANIES and FINANCE

U.S. Steel profits plunge by 97%

By Our New York Staff

THE depressed state of the U.S. economy and the severe recession in steel and related markets all but wiped out earnings of U.S. Steel, the country's biggest steel group.

Second quarter profits plunged by 97.4 per cent from $167.8m or $1.89 a share to $4.3m or 5 cents a share on sales up from $3.8bn to $5.1bn.

The group's performance would have been considerably worse, however, had it not been for improved operating results at Marathon Oil, which it acquired in March. It also benefited from asset sales, tax benefit transfers and a stock for debentures swap.

The second-quarter figures left first half earnings sharply lower at $84.2m or 92 cents a share against $438.5m or $4.95 a share on sales up from $7.2bn to $10.2bn.

Mr David Broderick, chairman, warned that the third quarter would also be difficult. However he believed that stock reductions by the industry's customers may have run their course and that the last quarter of the year would bring a modest pick-up in economic activity. If there was some relief from the pressures of import and cost disadvantages then he believed U.S. Steel would be better placed for a "return to better market and job opportunities."

Buy-out plan at Sperry Vickers

By David Lascelles in New York

SPERRY CORPORATION, the large computer and industrial goods maker, said yesterday that members of its management are proposing to buy out its Sperry Vickers subsidiary.

Mr Gerald Probst, Sperry chairman, said the buy-out group was headed by Mr Theodore Duncan, president of Sperry Vickers, which makes hydraulic systems. Members of the group and its financial advisers would take "a substantial equity position" in Sperry Vickers, and several financial institutions would put up finance.

No price was given for the deal, but Sperry Vickers' net asset value at the end of March was $370m.

Mobil's income more than halved in second quarter

BY PAUL BETTS IN NEW YORK

MOBIL, the second largest U.S. oil company, reported yesterday a 57 per cent decline in second quarter earnings reflecting the general depressed trend of major U.S. oil companies.

Earnings were $310m or 74 cents a share compared to $700m or $1.65 a share. Revenues were lower at $15.8bn compared to $16.6bn.

Shell Oil and Phillips Petroleum, two other large U.S. oil companies, also reported lower second quarter earnings yesterday.

Shell, which is 67 per cent owned by the Royal Dutch Shell group, earned $380m or $1.23 a share, against $410m or $1.33 a share. Revenues were $5.1bn compared to $5.8bn.

Phillips had second quarter earnings of $139.9m or 92 cents a share, compared to $229.8m or $1.51 a share. Revenues were $4.03bn compared to $4.07bn.

Tenneco, the large Houston-based diversified energy group, reported relatively flat second quarter earnings of $232m or $1.66 a share compared to $203m or $1.50 a share. Revenues were the same, at $3.7bn.

Mobil's first-half earnings totalled $636m or $1.51 a share compared to $1.34bn or $3.15 a share. Revenues were down from $33.7bn to $32.2bn.

● Canadian oil groups to report second quarter returns included Gulf Canada, which increased profits from C$69m to C$80m (U.S.$63.5m) on revenues up from $1.11bn to $1.2bn, writes Robert Gibbens in Montreal.

Half-year profits, however, were down from C$160m to C$114m, on revenues of C$2.46bn, against C$2.2bn.

Per share earnings were 50 against 70 cents for the half-year and 35 against 30 cents for the latest quarter.

Imperial Oil's profits slipped from C$113m to C$72m or from 72 to 45 cents a share on revenues up from C$1.98bn to C$ 2.12bn. This brought half-year profits to C$131m against C$259m or 83 cents a share against C$1.65 on revenues of C$4.12bn against C$3.79bn.

Shell Canada's first half earnings were down from C$163m or C$1.52 a share to C$73m or 61 cents a share on revenues up from C$2.29bn to C$2.49bn. The second quarter produced profits of C$49m or 44 cents a share against C$74m or 68 cents a share on revenues of C$1.25bn against C$1.18bn.

Arco shows modest increase

BY PAUL BETTS IN NEW YORK

ATLANTIC RICHFIELD (Arco), the seventh largest U.S. oil company, reports a modest increase in second quarter earnings while two other groups—Getty Oil and Union Oil, of California both report lower profits.

Profits at Arco—one of the few U.S. oil majors to show an increase—rose to $410m in the period, from $400m in the same period last year, boosting first half earnings to $795m from $768m in 1981.

Profit per share was $3.15 against $3.07 in the half-year and $1.62 against $1.60 in the second quarter.

Arco, which said chemical, metal and mining operations continued to suffer from the depressed economy, had revenues of $6.8bn against $7bn in the second quarter and $13.2bn against $14.1bn in the first half.

For its part, Getty Oil, registered a 26 per cent decline in second quarter earnings to $151m or $1.87 a share from $205m or $2.49 a share last year. First half earnings were also lower at $315m or $3.88 a share compared with $435m or $5.29 in 1981.

Getty's second quarter revenues totalled $3.1bn, against $3.2bn, making $6.2bn against $6.5bn for the first six months.

Union Oil's second quarter earnings totalled $197.6m, down from $207.9m in the same period last year. First half earnings, however, rose marginally from $362.1m to $366.1m. Per share earnings were $2.11 against $2.09 for the half-year and $1.14 against $1.20 for the quarter.

Union's revenues were $2.9bn compared with $2.6bn in the second quarter, making $5.4bn compared with $5.3bn in the first half-year.

Xerox suffers further setback

BY OUR NEW YORK STAFF

XEROX, leading producer of copying and duplicating machines, reported a further setback in profits for the second quarter of this year. The company has already been forced to cut prices and reduce its workforce because of severe competition.

Profit from continuing operations fell by 36 per cent to $12.6m or $1.33 a share in the second quarter.

At net level, profits fell to $161.4m or $1.91 a share from $179.7m or $2.13 a share. This figure includes $45m or 53 cents from the sale of WUI, the international data transmission subsidiary. Sales dropped to $2.1bn from $2.2bn.

The company blamed the downturn on the weakness of world economies, the strength of the U.S. dollar and increased expenditure on research and development.

First half net earnings were $270.9m or $3.20 a share against $322m or $3.82. But at operating level income fell by 32 per cent to $214.9m. Sales for the half year were $4.1bn, against $4.2bn.

Pitney Bowes, which dominates the market for postage meters and related mailing equipment, reported a further increase in net earnings in the second quarter. They rose 18 per cent to $20.2m or $1.05 a share from $17.1m or 95 cents. Sales were $366m, against $332m.

For the six months, the company earned $35.6m or $1.86 a share, against $28m or $1.56 a share. Sales were 5 per cent higher at $708.6m, against $675m.

GM earns more but loss widens at AMC

By Terry Byland in New York

GENERAL MOTORS, the world's largest car maker, has lifted second quarter net earnings by 9 per cent, from $515m to $560m or from $1.72 to $1.82 a share, despite a significant decline in the volume of passenger car sales.

GM's results, attributed to success in controlling costs and improving manufacturing efficiency, were in sharp contrast with the higher losses reported by American Motors, the number four U.S. carmaker. GM disclosed that its profit benefited from gains on foreign exchange and also by a substantial contribution from non-consolidated affiliates.

At the operating level, GM's earnings fell from $1bn to $863.3m. Non-consolidated affiliates brought in $130.9m or 43 cents a share. Sales totalled $17.1bn for the quarter, compared with $18.1bn in 1981.

At the halfway stage, GM's net earnings were $688.3m or $2.23 a share, against $705m or $2.35 a share last year. Sales slipped from $33.7bn to $31.9bn. For the whole of 1981, GM earned $333.4m on sales of $62.7bn.

North American car sales have been slow in the first half, but the group now says that "discernible factors" suggest a modest recovery in the global economy and in vehicle sales as the most likely outcome for the rest of this year with "further improvements" in 1983.

● Major costs associated with the introduction of the Renault Alliance car and the generally depressed state of the U.S. car industry resulted in sharply larger losses at American Motors, the number four U.S. carmaker 47 per cent-owned by Renault of France, writes Paul Taylor in New York.

AMC reports a second quarter loss of $68.7m or $1.24 a share on sales of $667m. This compares with a loss of $19.9m or 35 cents a share on sales of $722m for the same period last year.

The company's worldwide wholesale sales during the period fell 29 per cent in volume terms to 68,393 with car sales slumping 34 per cent to 42,685.

The second quarter losses brought the company's first half deficit to $119.7m or $2.17 a share on sales of $1.3bn, compared with losss of $72.6m or $1.27 a share on sales also of $1.3bn last year.

Prudential Insurance main Braniff creditor

BY PAUL TAYLOR IN NEW YORK

BRANIFF AIRWAYS, the main operating unit of Braniff International, the Texas-based airline, had assets of $768.9m and debts of $750.4m, according to its own estimates, when it ceased operations on May 12. The estimates, contained in more than 15,000 pages of documents filed with the Federal bankruptcy court in Fort Worth Texas, also reveal details for the first time of specific amounts owed to about 40 lenders.

Property and equipment valued at $508.5m forms the largest slice of the assets estimate and includes a book value of $371.5m for the fleet of 52 Boeing 727, eight McDonnell Douglas DC-8s and two Boeing 747 jumbos. As such the fleet valuation represents a 35 per cent write-down on initial cost to cover depreciation.

However, many creditors, whose loans are secured against the aircraft, may consider the estimate over optimistic since second-hand jets are currently selling for only about a third of their initial cost.

Among the creditors most interested in Braniff's aircraft fleet are 37 banks and insurance companies listed as holding about $467.5m in debt secured by mortgages on the jets.

Prudential Insurance, as expected, emerges as the biggest creditor being owed $76.8m in principal and interest. Among other major creditors are Chemical Bank, owed $51.8m, U.S. Trust, owed $51.6m, Aetna Life and Casualty, which holds $34.6m of debt; Mutual Life Insurance, with $30.5m of debt and New York Life Insurance which is owed $25.4m.

Mr Philip Guthrie, Braniff's chief finance officer, himself cautioned against an over-optimistic reading of the financial documents which he said were based on net book value and might well be high in view of current market conditions.

Eastern and Northwest airlines report losses

BY OUR NEW YORK STAFF

U.S. AIRLINES continued to report losses for the second quarter yesterday, though they indicated business might be improving. Eastern Airlines, the large Miami-based carrier which recently bought Braniff's Latin American routes, had a net loss of $3m or 32 cents a share. But this was smaller than the loss of $4.6m or 38 cents a share in the same period last year and the huge $51.4m loss it made in the first quarter of this year.

Revenue was little changed at $967m, against $970.8m.

Mr Frank Borman, chairman, blamed the recession as well as the big discounts initiated by airlines to lure passengers. Low fares had not generated enough extra traffic to offset the discounts, he said. Traffic on Eastern's new Latin American routes had picked up, however, and these were operating in the black in June.

For the first half, Eastern's total losses amounted to $54.4m or $2.59 a share, compared to a loss of $515,000 or 42 cents a share. Revenues declined to $1.88bn from $1.93bn.

Northwest Airlines, based in Minneapolis, reported a second quarter loss of $1.5m compared to a profit of $3.4m.

The company also blamed recession and fare cuts. But it suffered a three-and-a-half week strike by machinists which cut traffic in June.

The airline expects to make a profit in the third quarter because of the seasonal increase in business.

$200m FRN from Credit Lyonnais

By Alan Friedman

CREDIT LYONNAIS came to the Euromarket last night with a $200m 11½-year floating rate note issue bearing an interest margin of ¼ per cent above the six-month London interbank offered rate (Libor). The paper carries an option of redemption at par after eight years. Lead-managers are Nomura Securities and Credit Lyonnais.

After keeping the market guessing for several days, Telefonos de Mexico, the state telephone utility, finally launched its $50m 15-year bond last night, making it the third Mexican borrower in as many weeks.

The indicated Telmex coupon is 18¼ per cent. Bondholders will be able to redeem the paper every three years and the borrower will be able to call the bonds back after six years. CSFB and Merrill Lynch are lead-managers.

In the Eurosterling sector the Province of Quebec is out with a £30m seven-year 14½ per cent issue through S. G. Warburg. It was quoted in the pre-market at a 1½ per cent discount.

In West Germany a DM 100m seven-year 9¼ per cent issue is being launched for Banque Francaise du Commerce Exterieur through Dresdner Bank. The price is likely to be 99¼, yielding 9.30 per cent.

● In yesterday's editions of the Financial Times the lead-managers of the Development Bank of Singapore's new $75m issue should have read Morgan Guaranty (not Morgan Stanley) and Daiwa.

Belgium credit

Belgium's $1.2bn Eurocredit package is being increased to $1.5bn, writes Alan Friedman. The deal, through Ste Generale de Banque, Banque Bruxelles Lambert, Kredietbank, Paribas Belgique and others, involves two equal tranches of $750m each.

N. AMERICAN QUARTERLIES

AMERICAN PETROFINA	1982 $	1981 $
Second quarter		
Revenue	607.9m	713.7m
Net profits	10.88m	15.25m
Net per share	1.01	1.41
Six months		
Revenue	1.18bn	1.38bn
Net profits	26.87m	35.50m
Net per share	2.49	3.29

AMFAC	1982 $	1981 $
Second quarter		
Revenue	557.4m	659.2m
Net profits	5.25m	20.96m
Net per share	0.34	1.44
Six months		
Revenue	1.07bn	1.08bn
Net profits	11.71m	35.46m
Net per share	0.78	2.44

ANCHOR HOCKING	1982 $	1981 $
Second quarter		
Revenue	225.12m	240.59m
Net profits	272,000	5.6m
Net per share	0.02	0.55
Six months		
Revenue	443.38m	459.51m
Net profits	†1.51m	7.88m
Net per share	—	0.77
† Loss		

ARVIN INDUSTRIES	1982 $	1981 $
Second quarter		
Revenue	144.4m	133.7m
Net profits	4.75m	5.97m
Net per share	0.65	0.84
Six months		
Revenue	239.2m	249.5m
Net profits	5.26m	8.23m
Net per share	0.68	1.12

BALTIMORE GAS & ELECTRIC	1982 $	1981 $
Six months		
Revenue	529.2m	593.5m
Net profits	83.3m	74.9m
Net per share	1.99	1.69
Year		
Revenue	1.55bn	1.34bn
Net profits	158.6m	157.1m
Net per share	3.30	4.07

BORG-WARNER	1982 $	1981 $
Second quarter		
Revenue	844.2m	801.9m
Net profits	46.7m	42.0m
Net per share	1.10	0.97
Six months		
Revenue	1.56bn	1.56bn
Net profits	83.0m	75.6m
Net per share	1.95	1.77

BROCKWAY INC.	1982 $	1981 $
Second quarter		
Revenue	214.9m	204.5m
Net profits	6.20m	6.67m
Net per share	0.82	0.90
Six months		
Revenue	411.2m	388.7m
Net profits	11.35m	8.00m
Net per share	1.51	1.08

CABOT CORPORATION	1981-82 $	1980-81 $
Third quarter		
Revenue	454.55m	417.29m
Net profits	24.55m	29.50m
Net per share	0.77	0.93
Nine months		
Revenue	1.22bn	1.21bn
Net profits	76.93m	88.23m
Net per share	2.42	2.80

CHUBB CORPORATION	1982 $	1981 $
Second quarter		
Net profits	4.4m	26.0m
Net per share	0.36	2.12
Six months		
Net profits	24.1m	50.5m
Net per share	1.96	4.10

CLUETT PEABODY & CO.	1982 $	1981 $
Second quarter		
Revenue	193.38m	182.85m
Net profits	3.76m	3.23m
Net per share	0.37	0.33
Six months		
Revenue	358.15m	360.22m
Net profits	8.48m	9.93m
Net per share	0.95	0.80

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FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday August 18. Closing prices on July 27

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	103¾	104¼	−0¼	−0¼	13.49
Amax Int. Fin. 18¼ 92	75	98¼	98¾	0	+1	16.33
Amex O/S Fin. 14¾ 89	75	95¾	96¼	−0¼	0	16.18
ATT 14¼ 89	400	104¼	104¾	−0¼	−0¼	13.17
Baker Int. Fin. 0.0 92	225	26⅝	27⅛	−0⅛	+0⅛	14.70
BHP Finance 14¾ 89	150	96⅛	96⅝	−0⅛	0	15.58
Bk. Amer. NT SA 12 87	200	91⅜	91⅞	−0¼	−0¼	14.62
Bk. Montreal 14¼ 87	100	94	94½	−0⅛	−0¼	16.26
Bque. Indo Suez 15 89	100	95⅞	96⅜	−0⅛	−0⅛	15.93
British Col. Hyd 14¾ 88	200	98½	99	−0⅛	−0⅛	15.01
British Col. Hyd. 15⅜ 92	150	100¼	100¾	0	0	15.14
Burroughs Int. 15¼ 88	50	102¾	103¼	−0⅛	+1	14.99
Canada 14½ 87	750	98⅜	98⅞	0	0	14.76
Canadian 15½ 87	150	100⅜	100⅞	−0⅛	−0⅛	15.22
Canadian Pac. 14¾ 92	75	94½	95	−0⅛	−0⅛	15.88
Carolina Power 16¼ 89	60	103¾	104¼	−0⅛	+0⅛	15.38
CIBC 16 87	100	97⅜	97⅞	−0⅛	−0⅛	16.72
Citicorp O/S 15 84/92	100	99⅝	100⅛	−0⅛	−0¼	14.94
Citicorp O/S 15¼ 85/97	125	100¼	100¾	−0⅛	−0⅛	15.18
CNA 15⅞ 97	75	99⅜	99⅞	+0⅛	+1⅛	15.89
Con. Illinois 15¾ 89	100	98¼	98¾	−0⅛	+0⅛	15.03
Duke Pwr. O/S 15¼ 89	80	99⅜	99⅞	−0⅛	+1⅛	15.54
Dupont O/S Cap. 0.0 90	300	35⅜	35⅞	−0⅛	−0⅛	14.67
ECSC 14¾ 87 (April)	80	98⅜	98⅞	−0⅛	+0⅛	15.16
EIB 15½ 89	150	100	100½	−0⅛	+0½	15.37
EIB 15⅝ 92	100	98⅝	99⅛	−0⅛	+0⅛	15.72
Eksportfinans 14½ 89	50	97⅞	98⅜	−0⅛	+0⅛	14.91
Gen. Elec. Credit 0.0 92	400	28⅛	28⅝	−0⅛	+0⅛	14.04
Gen. Elec. Credit 0.0 93	400	24⅞	25⅜	−0⅛	+0⅛	14.03
Getty Oil Int. 14 89	125	99⅝	100⅛	−0⅛	0	13.89
GMAC O/S Fin. 18 88	150	101⅞	102⅜	−0⅛	−0⅛	15.36
GMAC O/S 15¾ 85/97	100	98⅜	98⅞	−0⅛	−0⅛	15.62
GMAC O/S Fin. 15 89	125	99⅛	99⅝	0	0	15.08
GMAC O/S Fin. 15 87	100	99½	100	−0⅛	−0⅛	15.03
Gulf Canada Ltd 14¾ 92	100	97⅜	97⅞	−0⅛	+0½	15.19
Gulf Oil 14¾ 94	175	99⅜	99⅞	0	+0⅛	14.28
Gulf Oil Fin. 0.0 92	300	28⅜	28⅞	−0½	+0⅛	13.92
Int-Am. Dv. Bk. 15⅞ 87	55	98⅜	98⅞	−0⅛	+0⅛	15.44
Japan Dev. Bk. 15½ 87	50	103⅛	103⅝	−0⅛	+0⅛	16.36
New Brunswick 16⅞ 89	75	102⅞	103⅜	−0⅛	0	15.39
Ontario Hydro 14¾ 89	150	98¾	99¼	−0⅛	−0½	14.98
Pac. Gas & El. 15½ 88	45	103	103½	+0⅛	+0⅛	14.65
Phillips Petrol 14 89	200	97⅜	97⅞	−0⅛	+0⅛	14.56
R.J. Rynlds O/S 0.0 92	400	27½	28	−0⅛	0	14.35
Saskatchewan 16 89	125	102½	103	−0⅛	−0⅛	15.25
Shell Canada 14¾ 92	125	96⅞	97⅜	+0⅛	+0⅛	14.92
Scoin 15⅞ 87	100	99⅝	100⅛	−0⅛	+0⅛	15.87
Superior O/S Fin 14 89	125	97⅜	97⅞	−0⅛	+0½	14.57
Swed. Exp. Cr. 15¼ 89	100	99	99½	−0⅛	+0⅛	15.38
Swed. Exp. Cr. 14¾ 90	100	99	95½	−0½	+0⅛	15.81
Swed. Exp. Cr. 0.0 94	200	20⅛	20⅝	0	+0⅛	14.87
Texas Eastern 15¾ 89	60	100¼	100¾	−0⅛	−0⅛	15.58
Union Carbide 14¾ 89	150	100	100½	−0⅛	−0⅛	14.65
Wells Fargo Int. 15 87	75	98⅞	99⅜	−0⅛	−0⅛	15.20
World Bank 14¾ 87	500	96⅝	97⅛	0	0	15.12
World Bank 15¾ 88	250	99⅝	100⅛	−0⅛	−0⅛	15.18

Average price changes... On day −0⅛ on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 9¾ 92	150	97⅜	98⅛	−0⅛	−0⅛	9.52
Australia 9½ 91	200	102⅞	103⅜	−0⅛	−0⅛	8.80
Austria 8½ 92	100	94½	95	−0⅛	−0⅛	8.20
Barclays O/S In. 8¾ 94	100	95½	96	−0⅛	−0⅛	8.97
Bowater Int. Fin. 8⅝ 89	50	95½	96	−0⅛	−0⅛	9.36
Canada 8½ 89	200	102⅞	103⅜	−0⅛	0	7.95
Comp. Tel. Esp. 10½ 92	100	100½	101	0	0	10.35
Cred. Foncier 8¾ 82	100	95⅞	96⅜	−0⅛	0	8.30
Denmark 10¼ 82	100	102⅞	103⅜	+0⅛	0	9.65
EDF 9⅝ 92	100	100⅝	101⅛	+0⅛	+0⅛	9.69
EIB 8¾ 92	100	94⅞	95⅜	−0⅛	−0⅛	9.18
Int. Am. Dev. Bk. 9 92	150	97	97⅛	−0⅛	−0⅛	9.41
Nacnl. Financiera 11 90	150	96⅞	97⅜	−0⅛	−0⅛	11.61
Norsk Hydro 8⅛ 92	100	98	98½	−0⅛	−0⅛	8.77
Philips Lamps 8¼ 92	100	99⅜	99⅞	−0⅛	−0⅛	8.71
Philip Morris 8¼ 90	100	99⅝	100⅛	−0⅛	0	8.24
Quebec 10¼ 92	150	102	102½	−0⅛	−0⅛	9.71
Renfe 10 92	100	99⅝	100⅛	−0⅛	−0⅛	10.01
SNCF 8⅝ 92	100	96	96½	−0⅛	0	9.21
Tauernautobahn 9⅞ 94	50	102½	102⅞	0	+0⅛	9.49
Tenneco Int. 9 92	100	98	98½	−0⅛	−0⅛	9.27
World Bank 9½ 89	100	100½	100⅞	−0⅛	−0⅛	9.40
World Bank 8¼ 92	200	95⅝	96⅛	−0⅛	+0⅛	9.13

Average price changes... On day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6¾ 92	100	100½	101	−0⅛	−0⅛	6.14
Asian Dev. Bank 7 92	100	101	101½	−0⅛	−0⅛	6.82
Aucalsa 7¾ 92	80	99½	99¾	0	+0⅛	7.80
Australia 6½ 94	100	104⅞	105⅜	+0⅛	+0⅛	5.89
BNP 6¾ 92	100	97⅞	98⅛	−0⅛	+0⅛	7.03
Cse Nat. l'Energie 7 92	100	101	101½	+0⅛	+0⅛	6.61
CFE-Mexico 5¾ 92	50	95	95½	0	−1⅛	2.01
Co-op. Denmark 8¼ 92	25	105	105½	+0⅛	−0⅛	7.60
Crown Zellerbach 6⅝ 92	100	100	100½	−0⅛	+0⅛	5.73
Europarat 7¾ 92	100	101⅞	102⅛	0	0	5.96
Ind. Fund Finland 6¾ 92	30	†98	98½	−0⅛	−0⅛	7.00
Japan Dev. Bank 5 94	100	100⅛	100⅝	−0⅛	−0⅛	5.95
Koba City 6¼ 92	100	101	101½	−0⅛	+0⅛	5.97
Kommunlane 7¼ 92	35	100⅛	101	−0⅛	+0⅛	7.12
Lonrho Int. Fin. 7½ 92	80	94½	95	−0⅛	−0⅛	8.27
Mitsui OSK 6½ 92	100	†99½	100	−0⅛	−0⅛	5.51
Nafinsa 8⅝ 92	90	93¾	94⅞	0	−0⅛	8.19
New Zealand 6 92	100	101	101½	−0½	−0⅛	5.84
Philip Morris 6½ 92	100	104⅞	105⅛	0	0	5.93
Philip Morris 6¼ 94	100	103¾	103⅞	−0½	+1⅛	5.88
Renfe 7¾ 92	80	99⅛	99⅝	−0⅛	+0⅛	7.86
Seibu Pre 5¾ 92 WW	70	104⅛	104⅝	−0⅛	−0⅛	5.15
So. Lux de Cnl. 8¼ 92	90	105½	105⅞	−0⅛	0	7.16
Svenska Handels. 6¾ 92	100	98	98½	0	+0⅛	7.00
Tiroler Wasser 6½ 92	100	98⅝	99	−0⅛	+0⅛	6.40
Vorarlberg Kraft 6¾ 92	50	102	102½	−0⅛	−0⅛	6.44

Average price changes... On day −0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8¾ 92	15	97⅜	98⅛	+0⅛	+0½	8.63
Int.-Amer. Dev. 8⅞ 91	15	101⅛	102⅛	0	+0⅛	8.56
Japan Airlines 7⅞ 87	9	95½	96	0	+0⅛	8.03
New Zealand 8¼ 87	15	99⅝	100⅛	0	−0⅛	8.34
World Bank 8⅝ 92	20	98⅞	99⅜	+0⅛	+0⅛	8.48

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 18 89 C$	100	†98¼	98¾	+0⅛	+1	[illegible]
Can. Pac. S. 16¾ 89 C$	50	†98⅛	98⅝	0	0	[illegible]
Crd Foncier 17½ 89 C$	30	†98¾	99¼	0	+0⅛	[illegible]
Gaz Metro. 17½ 90 C$	20	†97⅞	98½	−0⅛	+0⅛	[illegible]
OKB 16¾ 88 C$	63	†98	98½	−0½	+0⅛	[illegible]
Q. Hyd. 16½ 89 (M) C$	50	†99½	100	−0½	+0⅛	[illegible]
Quebec Prov. 16½ 89 C$	50	†99⅝	100¼	−0⅛	+0⅛	[illegible]
U. Bk. Nwy. 9½ 90 EUA	12	92	93½	−0⅛	−0⅛	[illegible]
Amro Bank 10 87 Fl	150	100	100½	−0½	0	[illegible]
Bk. Mees & H. 10 87 Fl	75	99⅛	99⅞	−0⅛	+0⅛	10.08
Eurofima 10½ 89 Fl	50	100⅛	100⅝	−0⅛	−0⅛	10.37
Ireland 10¾ 87 Fl	75	98⅜	98⅞	−0⅛	−0⅛	10.85
Phil. Lamps 10¼ 87 Fl	100	100⅛	101⅛	−0⅛	−0⅛	9.97
World Bank 10 87 Fl	150	98⅞	99⅜	−0⅛	0	10.22
OKB 14 86 FFr	400	93	94	0	+0⅛	16.46
Solvay et C. 14¾ 86 FFr	300	92⅞	93⅞	0	−0⅛	17.25
Beneficial 14¾ 90 £ (D)	20	89⅝	90⅝	−0⅛	+0⅛	15.54
BFCE 14½ 87 £	30	100⅝	101⅛	−0⅛	+0⅛	14.12
BNP 13¼ 91 £	15	96⅛	97⅛	0	+0⅛	14.11
CECA 13½ 88 £	20	97¾	98	+0⅛	+0⅛	14.06
Fin. Ex. Cred. 13¾ 88 £	15	98⅝	99⅝	−0⅛	+0⅛	14.00
Gen. Elec. Co. 12½ 89 £	50	95½	96⅛	−0⅛	+0⅛	13.50
Hiram Walker 14¼ 86 £	25	99	100	−0⅛	−0⅛	14.38
Norsk Hydro 14½ 87 £	30	100⅝	101⅛	−0⅛	0	14.19
Privatbanken 14½ 88 £	12	98	99	0	+0⅛	14.85
Quebec 15½ 87 £	35	102⅞	103⅝	−0⅛	−0⅛	14.43
Reed (Nd) NV 16¾ 89 £	25	105⅜	106⅜	−0⅛	−0⅛	15.12
Royal Trustco 14 88 £	12	99½	100½	−0⅛	+0⅛	13.92
SDR France 15½ 92 £	30	101½	102½	−0⅛	+0⅛	15.07
Swed. Ex. Cr. 13¾ 98 £	20	99⅛	100⅛	−0⅛	+0⅛	13.81
Eurofima 10¾ 87 LuxFr	500	96	97	0	0	11.40
EIB 9¾ 88 LuxFr	600	92¼	93¼	0	0	11.44

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	98⅜	98⅞	15/10	15.69	15.91
Bk. of Tokyo 5¾ 91 (D)	0⅛	99½	100	8/12	15¼	15.29
Bk. Nova Scotia 5¼ 93	0⅛	98⅞	99⅜	29/10	15⅛	15.26
BFCE 5¾ 88	0⅛	99⅜	99⅞	28/10	15	15.08
BFCE 5¾ 87	0¼	99⅛	99⅝	27/7	16⅛	16.33
Caisse Nat. Tele. 5¼ 90	0⅛	99¼	99¾	21/10	15⅝	15.83
CCCE 5¾ 2002	0⅛	98⅜	98⅞	11/12	15⅛	15.59
CEPME 5¾ 92	0⅛	99⅝	100⅛	10/12	15.44	15.46
Chemical NY 5¼ 94	‡0⅛	99½	100	23/8	16.69	16.73
CIBC 5¾ 94	0¼	98⅜	98⅞	15/1	15¼	15.46
Cont. Illinois 5¾ 94	‡0¼	98½	98⅞	24/8	16⅛	16.60
Credit Agricole 5¾ 97	0¼	99⅛	99⅝	24/9	15.44	15.53
Credit du Nord 5¾ 92	0¼	99⅝	100⅛	23/12	16.81	18.83
Credit Lyonnais 5¾ 97	0¼	99⅝	99⅞	1/10	18	16.06
Credit Lyonnais 5¾ 94	0¼	100⅜	100⅞	1/1	16.94	15.83
Credit Nat. 5¼ 94	‡0¼	98⅝	99⅛	9/9	14.69	14.86
Ireland 5¾ 89/94	0⅛	†99½	100	25/11	14⅛	14.79
Kansallis Osake 5½ 92	0¼	99	99½	8/11	15.31	15.43
Lloyds Eurofin 5¼ 93	§0¼	99⅝	100½	29/10	17⅛	17.15
Long Term Cred. 5¼ 92	0⅛	98⅝	99⅛	29/11	14⅝	14.79
J. P. Morgan 5¾ 97	§0¼	99	99½	12/8	14⅝	14.74
Nat. West. Fin. 5¾ 91	§0¼	99⅜	100⅛	15/1	15¼	15.25
New Zealand 5¾ 87	0⅛	99½	100	7/10	15.56	15.60
Nippon Credit 5¾ 90	0⅛	99	99½	10/8	18.06	18.18
Offshore Mining 5¾ 91	0⅛	99⅜	99⅝	2/12	14.19	14.28
PKbanken 5 91	0¼	99½	100	17/12	15.81	15.85
Scotland Int. 5¾ 92	0⅛	98⅝	99⅛	23/9	15⅝	15.51
Sec. Pacific 5¾ 91	0⅛	99½	100	24/11	15	15.04
Societe Generale 5¾ 95	0⅛	99⅛	99⅝	1/9	16.31	15.41
Standard Chart. 5¾ 91	0⅛	98⅝	99⅛	18/11	14⅞	15.03
Sweden 5½ 89	0¼	99¼	99¾	26/8	16.31	15.39
Toronto Domin'n 5¾ 92	0¼	97⅞	98⅜	11/8	16⅛	16.71

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¾ 96	7/81	933	83¾	84¾	+1¼	10.32
Bow Valley Inv. 8 95	4/81	23.12	94¾	96	−0⅛	60.06
Bridgestone Tire 5½ 96	3/82	470	86⅞	88⅛	0	2.56
Canon 6¾ 95	1/81	736.3	91¼	93¾	+1¼	8.94
Canon 7 87	7/82	748.2	100¼	101⅞	+1⅞	4.59
Chugai Pharm. 7¾ 96	7/82	709.6	108¾	109¾	+2¾	8.18
Fujitsu Fanuc 4¼ 96	10/81	5641	86½	88½	+0⅛	22.56
Furukawa Elec. 5¾ 96	7/81	300	92	93	+2	−1.75
Hitachi Cable 5¾ 96	2/82	515	86⅛	87⅛	+1⅛	4.62
Hitachi Cred. Cpn. 5 96	7/81	1612	76	77	−0⅛	14.74
Honda Motor 5½ 97	3/82	841	87⅞	89⅛	+0⅛	10.33
Kawasaki 6¾ 96	9/81	229	65½	67	+0⅛	22.68
Marui 6 96	7/81	846.4	98¼	99¼	−1⅛	5.87
Minolta Camera 5 95	10/81	826.4	61½	63	−0½	38.67
Minorco 9¾ 97	6/82	8.15	†85	87	−0½	12.56
Murata 5¼ 96	7/81	2168	69½	71	−0⅛	33.12
NKK 6⅛ 96	7/81	188	76½	78	+0⅛	−20.61
Nippon Electric 5¼ 97	2/82	848	91½	93	−0⅛	11.02
Orient Finance 5¾ 97	3/82	1205	89½	91	−0⅛	8.33
Sanyo Electric 5 96	10/81	662	63⅜	65⅛	−1⅛	15.02
Sumitomo Elec. 5½ 87	3/82	577.3	87⅞	88⅞	+0⅛	8.52
Sumitomo Met. 5¾ 96	10/81	296.1	61	62½	−0½	39.88
Swiss Bk. Cpn. 6¾ 90	2/80	191	73	75	−0¼	28.25
Konishiroku 6¾ 88 DM	8/82	616	102⅜	103⅞	+0⅛	15.71
Mitsubishi H. 8 89 DM	2/82	263	89	90¼	+0⅛	33.46

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الاصل

Boskalis sees solution to its foreign trouble-spots

BY WALTER ELLIS IN AMSTERDAM

"TOTAL project capability" is the proud boast of Boskalis Westminster, the Dutch dredging and construction company. And, indeed, round the globe there is ample evidence of its expertise, determination and drive. From Argentina to Australia, Boskalis has handled some of the most demanding and exciting construction contracts of the last 20 years. Several of its current projects are among the biggest of their kind in the world.

But all is not well with Boskalis. In the last 18 months it has discovered that building skills alone do not pay the bills. Customers do that, and this means extracting money from governments and corporations, often in remote corners of the earth, at a time when the economic recession has bitten through to the bare bones of many debtors' capacity to come up with the cash.

The Amsterdam Stock Exchange, not known for displays of sentiment, has not shown itself impressed by the company's assurances of good times to come. Instead, it has sent the shares of Boskalis tumbling from a high of Fl 80 to a low of Fl 39-49. Investors have been unsettled both by the fall in profits last year and by the wide disparity between repeated forecasts of plenty and the paucity of the actual result. From the company's opulent new headquarters in Sliedrecht, east of Rotterdam, the board last year promised net earnings of Fl 50m ($18.8m before returning only Fl 20.4m). Confidence was badly dented and, despite a maintained dividend, nothing has happened to encourage a return of optimism.

This month, the chairman of Boskalis, Mr Hans Kraaijveld van Hemert—a descendant of one of the company's two co-founders—explained that he and his colleagues on the board were confident of a real increase in profit this year. He accepted that there were problems with progress payments from several quarters, but insisted that this would

Mr van Hemert, chairman of Boskalis

not prevent a return to higher earnings.

Unfortunately, even a doubling of profits in 1982 would still leave Boskalis shareholders looking back to 1980 when Fl 51.5m net was returned. And if Mr Van Hemert does have something concealed up his sleeve it remains, for the moment, effectively disguised.

Recently, Boskalis has found itself the subject of two stock exchange rumours—one absurd, the other partly true but exaggerated. The silly rumour had it that the company was owed millions of guilders on a major contract in Iraq. Since Boskalis has no major contract in Iraq, it was easy to refute, but only after the share price had fallen sharply.

The second wave of disturbing whispers — over debt by Argentina — could have more lasting consequences. In 1979, Boskalis won the lead contract to build a 2,000 km pipeline for Gas del Estado, the Argentinian state gas corporation. The cost was put at $1.2bn, repayable over 15 years. Mr van Hemert agrees that progress payments have fallen behind recently but says that he has no long-term worries about Argentina, which, he points out, has never once failed to pay its debts.

Technically, the Argentinian project has been an immense sucess, and gas began to flow last December, three months ahead of schedule. Boskalis is still working on it and will continue to manage the scheme for the next 15 years.

Another tricky area for the group at the moment is West Africa. Boskalis has been involved in a number of dredging and oil-related projects in Nigeria in recent years, but while it has had no problem in getting progress payments from the Federal administration in Lagos, it has run into difficulties with some provincial state governments. "We should have known Nigeria was a slow payer," Mr Van Hemert ruefully admits.

Elsewhere, Boskalis is increasingly busy in the Middle East, North Africa, Latin America and Canada, as well as in the Netherlands. Pipelines, roads, railways and dredging—for which it maintains a large, ocean-going fleet—are all in a day's work, with high potential for profit in more settled times. The Westminster end of the business links Boskalis closely with the UK, where business remains brisk.

Boskalis finds that Dutch contracts produce problems only in the technical sense, while those in more remote parts of the world tend to throw up unwelcome financial surprises. Accordingly, it follows the maxim, the greater the risk the higher the price, and the higher the price the greater the insurance. This way, it operates on a world basis but expects to cope with each dilemma as it comes along. With the world in deep recession, however, some obstacles have been both unforeseen and unforeseeable.

This year, Boskalis, which enjoys the prefix "Royal," was awarded the King Willem 1 award for industrial enterprise, the Netherlands' premier trade prize. If profits do recover in 1982, as Mr Van Hemert predicts, investors should recover at least some of their courage.

£26m road work for Tarmac

TWO MAJOR road contracts, together worth £26m, have been awarded to TARMAC NATIONAL CONSTRUCTION. Work on both contracts — at Denham, Buckinghamshire, and Poole, Dorset—is to start this month and will take about two-and-a-half years.

The largest, worth about £21m, is for the M25-M40 inter-change at Denham, for the Department of Transport. This will involve the construction of a 2.7 km stretch of the M25—a dual three-lane carriageway road—and 8.5 km of interchange link and side roads.

The Poole contract, worth about £5m, has been awarded by Dorset County Council for road improvements and new roads to relieve congestion in the Oakdale, Canford Heath, Mannings Heath and Alderney districts—about 2 km north of the town centre.

*

BURROUGHS MACHINES has awarded a £7.4m contract to SIR ROBERT MCALPINE AND SONS for construction of a residential computer training establishment. Work begins in August on a site in Milton Keynes overlooking Willen Lake for completion by the end of 1983.

Some 15,000 cu metres of excavation will precede the erection of a brickclad reinforced concrete frame affording 16,000 sq metres of floor space and including hotel-accommodation for 250 students. Eighteen computer laboratories, 34 classrooms, a sports hall, squash courts and swimming pool will be contained in the two-storey complex for the training and recreation of Burroughs customers and their own sales and engineering staff from the UK and Continental Europe.

*

DAVENPORT ENGINEERING, Bradford, has won a £3.5m contract to provide the internal pack timber and pipework for six new cooling towers at Drax power station near Selby. The contract forms part of a £20m-plus extension to the cooling system at Drax for the second stage of the power station which, when complete, will feed a total of 4,000 MW into the national grid. To prevent water freezing over the air inlets at the base of each tower in winter, Davenport will fit a special ice prevention system, in which 25 per cent of the circulating warm water will be cascaded directly behind the air inlets from October until March, the remainder being cooled in the usual manner. Davenport will commence work on the first tower at Drax in November this year and the contract is due for completion in 1986.

*

THE Irish Police Force has placed an order worth £2.5m for a communication system with PYE'S Irish distributor Telecommunications of Dublin. Pye Telecom has also won a £500,000 contract for the supply of mobile and portable two-way radio equipment to North Africa.

*

CONTRACTS WORTH over £2m have been obtained by the civil engineering division of Welsh-based BEECHWOOD CONSTRUCTION (HOLDINGS). Work includes the construction of a reservoir for the Welsh Water Authority in South Wales, and three separate contracts for the laying of water mains for the South West Water Authority in Cornwall, the Severn Trent Water Authority in Shropshire and the Wessex Water Authority at Bridgwater. The other contracts were awarded by the Anglian Water Authority, for sewage disposal in Norfolk, and by Wrexham Borough Council, for site development work near Mold.

*

NEU ENGINEERING, Woking, has been awarded a contract worth £200,000 from Blue Circle for the handling of high alkali dust at temperatures up to 200 deg C. The contract covers 12 blow tank conveying systems for the transfer of product from precipitators to storage.

NORTH AMERICAN QUARTERLIES contd.

COMMONWEALTH EDISON

	1982 $	1981 $
Second quarter		
Revenue	954.8m	837.7m
Net profits	111.3m	81.7m
Net per share	0.64	0.52
Six months		
Revenue	2.0bn	1.76bn
Net profits	236.7m	159.5m
Net per share	1.44	1.01

CUMMINS ENGINE

	1982 $	1981 $
Second quarter		
Revenue	408.1m	517.8m
Net profits	†12.49m	41.06m
Net per share	†0.47	4.70
Six months		
Revenue	884.8m	1.03bn
Net profits	10.5m	68.1m
Net per share	0.68	7.90

DOMTAR

	1982 C$	1981 C$
Second quarter		
Revenue	424.9m	430.0m
Net profits	2.7m	12.0m
Net per share	0.14	0.67
Six months		
Revenue	862.3m	835.8m
Net profits	14.3m	27.6m
Net per share	0.78	1.56

DR. PEPPER

	1982 $	1981 $
Second quarter		
Revenue	153.4m	102.5m
Net profits	10.15m	8.88m
Net per share	0.50	0.43
Six months		
Revenue	252.1m	178.1m
Net profits	13.78m	13.90m
Net per share	0.58	0.69

DRAVO CORPORATION

	1982 $	1981 $
Second quarter		
Revenue	312.9m	364.7m
Net profits	5.09m	7.48m
Net per share	0.38	0.56
Six months		
Revenue	581.5m	630.6m
Net profits	†1.86m	9.96m
Net per share	†0.15	0.75

GENUINE PARTS

	1982 $	1981 $
Second quarter		
Revenue	485.4m	471.2m
Net profits	23.9m	23.4m
Net per share	0.67	0.66
Six months		
Revenue	950.4m	905.0m
Net profits	45.3m	42.9m
Net per share	1.27	1.21

GIDDINGS & LEWIS

	1982 $	1981 $
Second quarter		
Revenue	81.4m	102.1m
Net profits	5.9m	5.4m
Net per share	0.67	0.80
Six months		
Revenue	181.7m	206.1m
Net profits	14.6m	17.5m
Net per share	1.40	1.66

G. HEILEMAN BREWING

	1982 $	1981 $
Second quarter		
Revenue	283.9m	268.8m
Net profits	14.49m	13.12m
Net per share	1.12	1.00
Six months		
Revenue	495.1m	452.4m
Net profits	22.08m	19.59m
Net per share	1.67	1.49

HERSHEY FOODS

	1982 $	1981 $
Second quarter		
Revenue	314.4m	296.4m
Net profits	16.04m	14.38m
Net per share	1.03	1.02
Six months		
Revenue	704.8m	679.7m
Net profits	42.72m	35.51m
Net per share	2.73	2.51

HEUBLEIN

	1981-82 $	1980-81 $
Fourth quarter		
Revenue	547.2m	524.4m
Net profits	24.3m	20.9m
Net per share	1.11	0.96
Year		
Revenue	2.12bn	2.05bn
Net profits	102.8m	88.2m
Net per share	4.72	4.08

FRED. S. JAMES & CO.

	1982 $	1981 $
Second quarter		
Revenue	62.1m	61.8m
Net profits	4.35m	4.83m
Net per share	0.48	0.53
Six months		
Revenue	123.5m	122.6m
Net profits	8.93m	8.76m
Net per share	0.99	1.08

MORRISON-KNUDSEN

	1982 $	1981 $
Second quarter		
Revenue	568.9m	504.1m
Net profits	8.9m	8.5m
Net per share	0.87	0.84
Six months		
Revenue	1.1bn	934.7m
Net profits	15.6m	14.2m
Net per share	1.53	1.41

NATIONAL CAN

	1982 $	1981 $
Second quarter		
Revenue	418.2m	417.7m
Net profits	10.07m	8.66m
Net per share	0.99	0.95
Six months		
Revenue	758.0m	749.6m
Net profits	14.23m	8.43m
Net per share	1.38	0.89

RYAN HOMES

	1982 $	1981 $
Second quarter		
Revenue	82.9m	106.5m
Net profits	2.4m	2.2m
Net per share	0.36	0.33
Six months		
Revenue	147.9m	199.3m
Net profits	†538,000	4.04m
Net per share	†0.08	0.60

SIGNODE

	1982 $	1981 $
Second quarter		
Revenue	168.4m	185.1m
Net profits	8.39m	8.01m
Net per share	1.04	1.12
Six months		
Revenue	329.4m	383.1m
Net profits	16.89m	23.69m
Net per share	2.08	2.85

SQUIBB CORPORATION

	1982 $	1981 $
Second quarter		
Revenue	392.4m	365.1m
Net profits	35.62m	26.04m
Net per share	0.71	0.56
Six months		
Revenue	785.6m	704.1m
Net profits	67.03m	43.48m
Net per share	1.33	0.94

TEKTRONIX

	1981-82 $	1980-81 $
Fourth quarter		
Revenue	319.0m	269.8m
Net profits	20.8m	21.7m
Net per share	1.11	1.17
Year		
Revenue	1.19bn	1.06bn
Net profits	79.4m	80.1m
Net per share	4.25	4.34

TEXAS UTILITIES

	1982 $	1981 $
Second quarter		
Revenue	748.0m	651.0m
Net profits	88.18m	71.28m
Net per share	0.77	0.69
Year		
Revenue	2.87bn	2.47bn
Net profits	383.7m	343.2m
Net per share	3.86	3.51

THIOKOL CORPORATION

	1982 $	1981 $
Second quarter		
Revenue	210.7m	177.6m
Net profits	8.52m	8.65m
Net per share	0.82	0.75
Six months		
Revenue	413.6m	350.1m
Net profits	18.51m	17.14m
Net per share	1.59	1.48

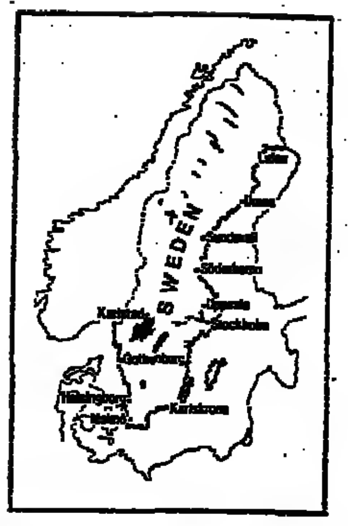
WESTERN AIRLINES

	1982 $	1981 $
Second quarter		
Revenue	257.6m	270.8m
Net profits	3.1m	†8.4m
Net per share	0.18	†0.69
Six months		
Revenue	506.3m	533.0m
Net profits	†7.8m	†10.1m
Net per share	†0.88	†0.87

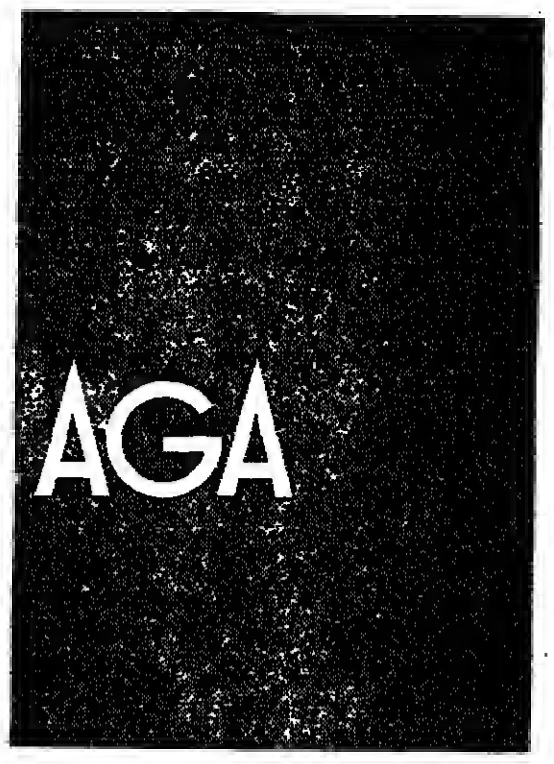
ZENITH RADIO

	1982 $	1981 $
Second quarter		
Revenue	291.8m	274.7m
Net profits	†4.1m	2.1m
Net per share	†0.22	0.11
Six months		
Revenue	611.0m	572.9m
Net profits	†6.5m	8.0m
Net per share	†0.34	0.42

† Loss



INVEST IN SWEDEN



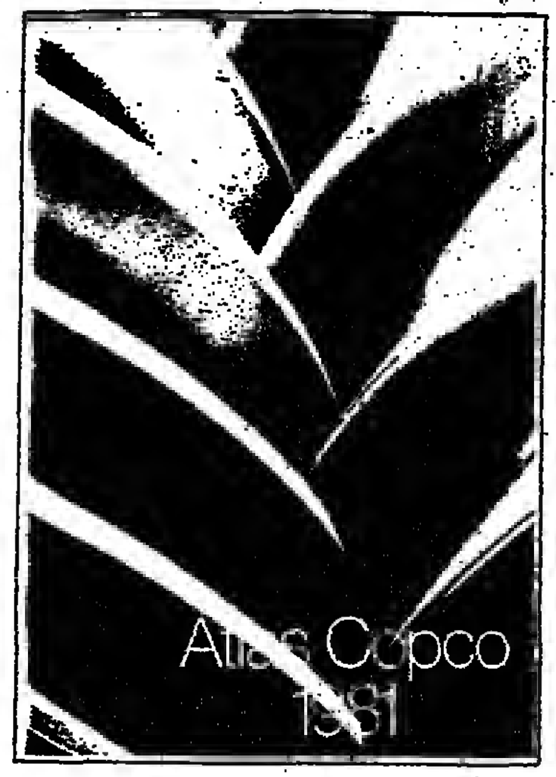
AGA

AGA is a leading gasproducer on the international market with more than 200 plants in 21 countries in Western Europe, the United States and Latin America. In 1981 Gas Operations showed continued high growth. Sales increased by 20 percent to SEK 2,951 million and operating income after depreciation by 45 percent to SEK 471 million.

The AGA Group also comprises the subsidiaries Frigoscandia, Pharos and CTC. The Group's sales totalled SEK 5,080 million, 13 percent over 1980 and operating income was SEK 536 million, an increase of 15 percent.

Alfa-Laval

Alfa-Laval, with 1981 sales of USD 1.2 billion, is a major international supplier of systems and products — many of them based on centrifugal separation and thermal technology — for industry, agriculture and the public sector. Market areas include the dairy industry, food and beverage processing, marioe and power industries, pharmaceutical, chemical and biochemical industries, pollution control, engineering and metallurgical industries. Alfa-Laval also designs, engineers and installs complete turnkey projects.



Atlas Copco

Atlas Copco is a Sweden-based compressed air and hydraulic machinery group with sales of $1.347 million in 1981, an increase of 20% from 1980. Orders amounted to $1.376 million in 1981, 19% from 1980. Atlas Copco Groop results after financial items were $102 million in 1981, up 29% from 1980. Return on total capital employed moved up from 16% to 20% in 1981.

Sales outside Sweden average 91% through a network of subsidiaries and distributors in 115 countries. Products include air and gas compressors, mining & construction equipment and manufacturing & process industry equipment.

Bahco

The Bahco Group has undergone a considerable change during 1981 and strengthened its international position. The turnover almost doubled and exceeded 2,200 SEK million, mainly attributable to two important acquisitions:

— HIAB-FOCO, the worlds largest manufacturer of hydraulic truck cranes

— the well known British tool group Record Ridgway

An extensive structural reorganization work together with the overall underlying weakness in business activity resulted in a deficit for 1981.

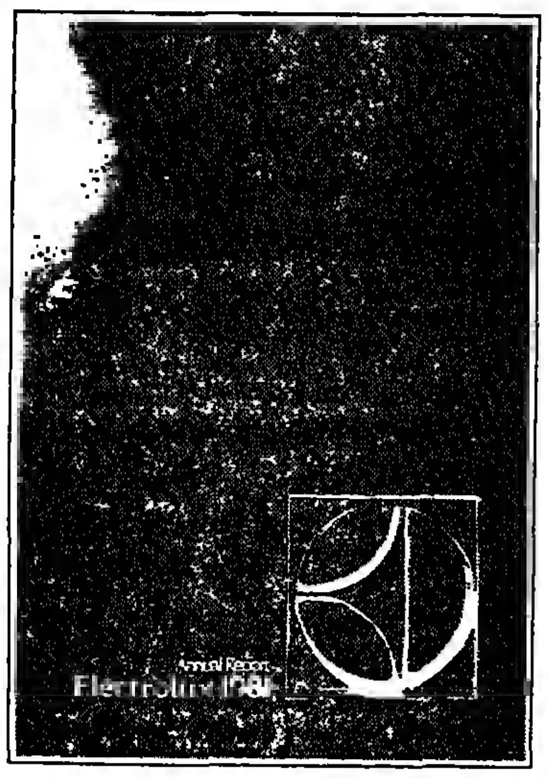
The main areas of activity for the Group are

— automation and mechanization

— hand tools and power tools

— air treatment, products and complete installations

The number of employees is over 9,000.



Electrolux

Electrolux is one of Sweden's largest industrial groups with a highly variegated product range and the accent on international business with mora than 70% of the sales abroad.

Total sales were worth over 26,000 million Swedish crowns in 1981 and its results after extraordinary items were 1.127 million. More than 100,000 people are employed by the Group, 40,000 of them in Sweden.

Electrolux is one of the world's leading producers of vacuum-cleaners, household appliances and power saws. Commercial cleaning service is a rapidly growing line of business in Sweden and abroad together with catering equipment and office products. With the acquisibon of Granges, the Group's business now includes metal production and contracting as well.

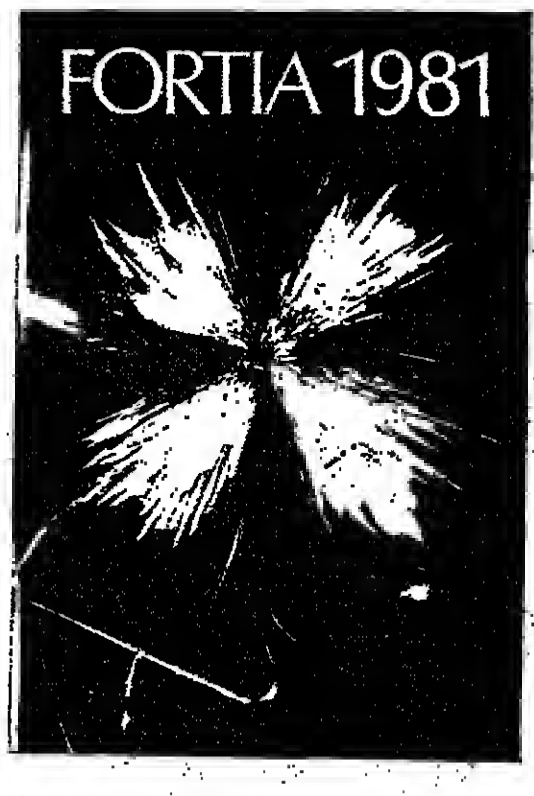
ESAB

ESAB is one of the world's largest suppliers of welding consumables, welding machines, welding robot stations, welding plants and gas cutting machines.

ESAB is a multinational group with headquarters in Gothenburg, Sweden, and subsidiary companies, associated companies, offices and agents in more than 100 countries.

With a turnover of SW.KR. 1.975 million in 1981 the group reports a result of SW.KR. 116 million before allocations and taxation, the best ever.

For the year 1982 an even better result is anticipated.



Fortia-Pharmacia

The Fortia Group, with its Pharmacia divisions, is Sweden's leading firm in the rapidly expanding area of biotechnology.

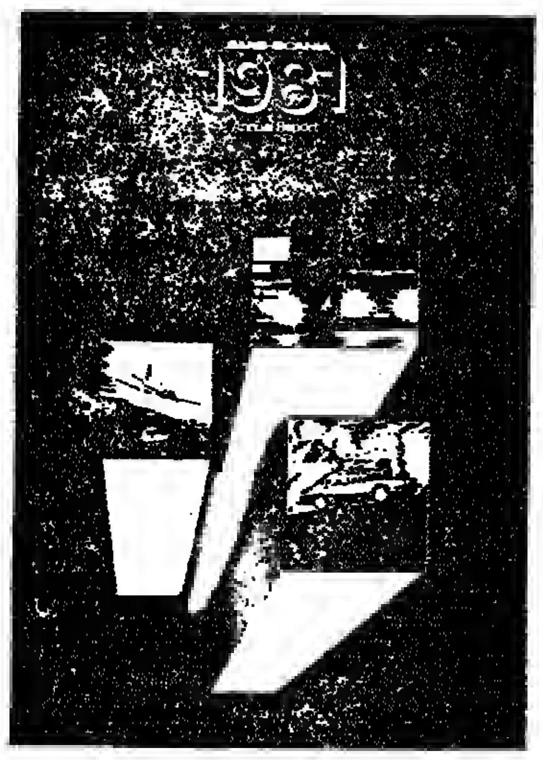
Our clients include most of the so-called genetic engineering companies. Two thirds of the insulin manufactured in the world is purified using our technique. In Uppsala, Sweden, we are co-operating with La Jolla Cancer Research Foundation in California in developing the hybridoma technique for use in modern biotechnology. We work with biological substances, often with the body's natural materials, and with principles of physical/mechanical action. An example of this is our latest product, the eye-surgery aid Healon, which is produced from cocks' combs and which has been called "the greatest breakthrough in eye-surgery since the microscope."

In 1981 sales increased to SEK 1.500 M, while profits rose by 70 percent. The Pharmacia divisions increased sales by 20 percent.

MoDo

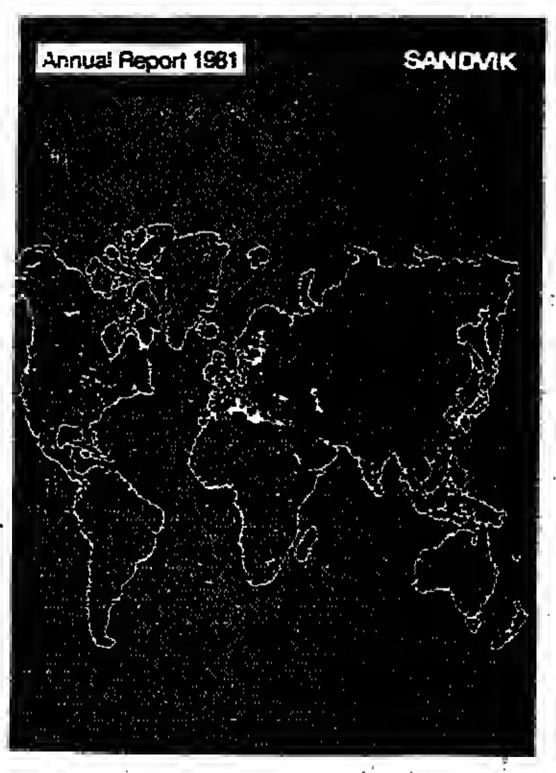
MoDo is one of the largest producers of pulp and paper in Europe. Production facilities are located as well in Sweden as in Belgium, France and Great Britain. The Group has 7,500 employees of which 2,000 work outside Sweden.

MoDo's total sales in 1981 amounted to SKr 4,188 million.



Saab-Scania

Saab-Scania develops, manufactures and markets Scania heavy trucks, buses and diesel engines, Saab passenger cars and aircraft. The product range of the Group also includes equipment for control and guidance and heating products. Consolidated sales increased by 16 percent to SEK 16.188 m. of which more than 50 percent was foreign market sales. Profit increased for the fourth year in a row and totalled SEK 1.046 m. before appropriations and taxes. Number of employees is about 40.000.



Sandvik AB

The Sandvik Group comprises the Parent Company, Sandvik AB, together with upwards of 100 subsidiaries in more than 40 countries. The Group has a total personnel strength of about 32,000.

The Group sales for 1981 amounted to US$1.6 billion. Sales outside Sweden accounted for 93 per cent of the Group turnover.

Sandvik manufactures and markets four main types of products: cemented carbide products, special steel, saws and other tools, and processing systems.

Skandinaviska Enskilda Banken

Skandinaviska Enskilda Banken, Stockholm, and its domestic and international subsidiaries, The SEB Group, is the largest commercial banking group in Scandinavia. As of December 31, 1981, the Group showed consolidated deposits of SEK 104,055 million (USD 18,681M) and consolidated assets of SEK 123,953 million (USD 22,254M).

The Bank's domestic network includes SEB International and Central Offices at Stockholm, Göteborg and Malmö operating altogether some 365 branches. It maintains nine representative offices in financial centres of the world and has a full banking presence in London, New York, Frankfurt, Luxembourg, Geneva and Singapore through subsidiary or associated banks.

Swedish State Company Ltd., Statsföretag AB

Swedish State Company is the parent company of a group of companies owned by the Swedish state. Net sales in 1981 were some £1540 million, of which 53% were sales abroad. The Group is active in industries such as iron/steel, pharmaceuticals, forest products, engineering etc. The Group's capital expenditure in 1981 amounted to £184 million — equivalent to 4% of Sweden's total industrial investment. In 1981, the Group has some 46,100 employees.

Queensland Press lifts HWT stake to 27%

By Michael Thompson-Noel in Sydney

QUEENSLAND PRESS has bought 11.4m ordinary shares in the Herald and Weekly Times of Melbourne, from John Fairfax, another prominent Australian media group, for a total of A$43m (U.S.$43.43m). The deal takes QP's holding in HWT to 26.9 per cent of the issued ordinary capital from about 15 per cent.

Queensland Press said yesterday: "The directors believe the purchase of these shares to be an important strategic investment." It makes the company the major HWT shareholder.

HWT is still the subject of a A$132m bid for 50.1 per cent of its equity from Mr Robert Holmes à Court's Bell Group, which has already said it is extending its offer to January 26, 1983, while awaiting the outcome of an Australian Broadcasting Tribunal hearing into the bid.

Bell Group said yesterday it was currently entitled to 2.8m HWT shares, equal to 2.96 per cent of the capital.

QP acquired the shares under the terms of an arrangement entered into in 1979 when Fairfax and QP each acquired 14.9 per cent of HWT to head off a partial takeover bid by Mr Rupert Murdoch's News Limited.

Under National Companies and Securities Commission rules, QP is not obliged to make a full-scale offer for HWT, despite extending its shareholding to more than 20 per cent.

At the same time, under the requirements of the Broadcasting and Television Act, QP has had to reduce its shareholding in Brisbane TV from 27.8 per cent to less than 5 per cent. The consideration received totalled A$5.55m. Of the Brisbane TV shares sold, John Fairfax has taken 362,317, representing 19.9 per cent of the issued capital. QP directors said they understood it was not the present intention of John Fairfax to launch a full-scale bid for Brisbane TV.

Cut in prime rate fails to cheer HK stock markets

BY ROBERT COTTRELL IN HONG KONG

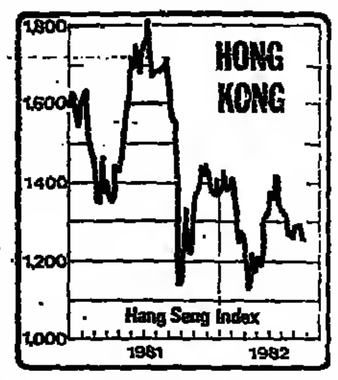
THE ONE-POINT cut in local prime rate effective from Monday has failed to excite the Hong Kong stock markets, where the Hang Seng index has slipped almost 30 points in two days to close yesterday down 16.65 points at 1254.47.

The cut had already been discounted by brokers, who had seen a prior softening in local interbank rates—which banks pay one another for funds—pointing towards a lowering of prime. And any psychological stimulus which the cut might have given has been offset by the re-appearance of Hong Kong's perennial joker, the issue of what will happen to the Colony when Britain's lease on the New Territories runs out in 1997.

The nature of the uncertainty here is if and how far the Chinese authorities will displace British authorities in running Hong Kong when the lease runs out and the Colony's status must be re-examined.

The Hong Kong markets are no stranger to sudden rumours which can knock a day's trading sideways only to be quickly forgotten. This time round, however, there is a sense that the lease issue may be attaining a more pervasive importance.

Mrs Thatcher visits Hong Kong and Peking in the autumn, and at best, the markets will be vulnerable to



a high level of rumour and shifting political sentiment in the coming weeks.

On an economic level, Mr John Bremridge, the financial secretary, has informally trimmed his growth expectations for Hong Kong this year. He cut his February budget forecast of 8 per cent real GDP growth back to 6 per cent, and his forecast for real domestic export growth from 7 per cent to 4 per cent. On the basis of the year so far, brokers are taking a cautious view and say that even the new figures may not be easy going.

On the corporate front, the property sector continues to languish while shipping companies are also seen to be under pressure. Hong Kong is now moving into its interim results season, amid expectations that few half-year figures will make encouraging reading. The only sector engendering much optimism is electronics, where another flotation is widely expected soon to join the handful of locally quoted shares.

"I would not be putting my money into this market," commented one broker yesterday, who expects prices to move still lower. The spread of local opinion includes a bullish element, which sees the 1,250 level as a buying opportunity. But in broad terms, the heady days of spring, when the Hang Seng put its nose up into the clear air above the 1,400 mark, has given way to a summer thick with uncertainty over political factors, interest rate trends, and how long it will be before stronger world trade pulls the Hong Kong economy out of its trough.

First-half profit little changed at SAAN

By Our Johannesburg Correspondent

SOUTH AFRICAN Associated Newspapers (SAAN), which publishes the Rand Daily Mail, Financial Mail, and Sunday Times, has reported profits before interest income and tax virtually unchanged at R6.31m ($5.6m) for the first half of 1982. Profits for the whole of 1981 were R14.1m.

Mr Clive Kinsley, the managing director, said wages, salaries and newsprint rose substantially, exceeding a satisfactory advance in advertising revenue. The Rand Daily Mail continued to make substantial trading losses.

Strong overall demand for advertising space is expected to continue, but certain categories of advertising are already reflecting the hesitant trading climate. Operating costs will be substantially higher this year — a significant increase in the price of newsprint has already been announced for the second half. However, Mr Kinsley said it was possible for SAAN to match last year's profit if there was no material deterioration in the business climate.

Mixed results for Japanese trading houses

By Our Financial Staff

THREE of Japan's top trading houses have reported sharply varying consolidated results for the year ended March.

Marubeni Corporation, ranked number three, suffered a 76 per cent fall in consolidated net profits to Y1.63bn ($6.5m) from Y6.7bn a year earlier.

It blamed the setback on the losses incurred by a third of its 264 subsidiaries and affiliates.

Marubeni's consolidated sales were Y11,876bn ($47.3bn) compared with Y10,301bn a year earlier.

Sumitomo Corporation, ranked number five, reported a 21 per cent rise in consolidated net profits for the year ended March to Y26.56bn from Y21.97bn a year earlier. Revenues rose 12.8 per cent to Y11,075bn from Y9,819bn.

The trading house said exports of machinery and metals, mainly steel, were particularly strong. Total export revenues rose 38.4 per cent to Y2,891bn. Import revenues were up 4.1 per cent to Y1,683bn. Domestic revenues rose 8.6 per cent to Y5,575bn.

Nissho Iwai, ranked number six, swung back into the black with consolidated net profits of Y3.6bn against a loss of Y2.98bn a year earlier. The deficit was caused by Y15.12bn of extraordinary losses, mostly because of unauthorised currency speculating at its Hong Kong subsidiary.

At the operating profit level, however, Nissho Iwai reported a downturn to Y26.17bn from Y34.49bn a year earlier on revenues of Y7,886bn against Y6,980bn.

Strong advance for Malayan Cement

By Wong Sulong in Kuala Lumpur

A STRONG advance in half year profits has been reported by Malayan Cement, which is confident of equally good results for the second half.

The group, which is an investment company with interests in cement manufacturing and trading and office property, lifted pre-tax profits from 9.63m ringgit to 15.76m ringgit and after-tax profits from 5.9m ringgit to 11.7m ringgit ($5m) in the six months to end May including reinvestment allowances.

The interim dividend is raised from 5.5 cents to 8.5 cents. For all of 1980-81 after-tax profits were 10.6m ringgit and the dividend total was 10.25 cents.

All the group's companies performed well, particularly the 50 per cent owned Associated Pan Malayan Cement.

The Blue Circle group of the UK holds 61 per cent of the 54m ringgit paid-up of Malayan Cement, but plans are advanced to reduce this stake in line with the Malaysian government's New Economic Policy.

China blamed for rubber price fall

By Our Commodities Staff

A SERIOUS planning error in the in the Chinese tyre industry is largely responsible for the current depression in the world rubber market, according to a report published yesterday by Landell Mills Commodities Studies.

The fall in Chinese natural rubber imports last year was larger than the drop in the whole of the rest of the world, the report says, and coincided with the amount the International Rubber Organisation (INRO) had taken off the market in an attempt to stabilise prices.

Landell Mills said by piecing together published statistics and local Press releases it had revealed an "astonishing" error of planning which had led to huge overproduction of tyres in the years up to 1981. In 1980 alone output was 27 per cent above target, the report claimed. It blamed this on official policies which had made tyre production too profitable.

Copper decline continues

By Our Commodities Staff

THE COPPER price decline, which began on Monday following last week's sharp gains, continued yesterday. On the London Metal Exchange the cash high grade quotation slipped another £14.75 to £850.25 a tonne, taking the fall on the week so far to £29.25.

Dealers attributed the fall to selling against earlier purchases, belated profit-taking and chart-based technical selling. Some thought the decline was restrained by continued Chinese buying.

The tin market was basically quiet but continued borrowing of cash metal (by buying cash and selling three months) believed to be mostly on the account of the International Tin Agreement's buffer stock narrowed the cash premium further. This closed at £55 a tonne, down from £110 at Monday's close.

Concern over Australian drought deepens

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE COST of the big Australian drought, viewed by some farmers as the worst in half a century, is continuing to mount. More than half of New South Wales is already drought-declared, and other districts will be added to the list within a week. In addition large parts of southern Queensland, northern and western Victoria, north and north-eastern South Australia, and south-west Western Australia are on the drought list.

In some districts kangaroos are reportedly over-running some properties in their competition with domestic stock for water and feed.

Worsening of the drought comes on top of recent estimates by the Bureau of Agricultural Economics in Canberra, pointing to a 30 per cent slump in the real net value of Australian farm production this year to A$3.43bn (£2bn).

One of Australia's top long-range weather forecasters, Mr Lennox Walker, speaking from the Crohamhurst Observatory, 80 kilometres north of Brisbane, forecast yesterday that farmers could expect good rains as the southern hemisphere spring developed.

But the grains secretary of the New South Wales Livestock and Grain Producers Association, Mr Glenn Dalton, said yesterday that hopes of a good NSW wheat crop were fading fast. In central and northern NSW many grain farmers have been unable to plant crops.

Along the coast of NSW — particularly around Sydney — there are few signs of lack of rain. But travel westwards, into the interior of the state, and the terrain looks cracked and parched. This includes the upper reaches of the fertile Hunter Valley, famed for its winegrowing, as well as large areas surrounding Canberra and the Australian capital territory.

In South Australia, drought is estimated to be costing farmers A$1.5m a day, with total losses already more than A$60m.

In the South Australian riverland, lamb prices have slumped to A$1 a head, while ewes are selling for less than A$13 a head, against A$30 or more a year ago.

In Adelaide yesterday the Bureau of Meteorology said there was no sign of the soaking rains needed to stem the Big Dry.

In NSW, Dalgety Australia's stock manager, Mr Noel Cavanagh, said the drought had caused big falls in prices for livestock while the executive director of the National Farmers Federation, Mr John Whitelaw, said the drought was approaching "crisis point."

If the drought persists, the BAE's forecasts for Australian rural production in the current year will have to be lowered further.

Apart from drought and weak export prices, the country's farmers are angered at what they view as the Federal Government's recent preferential treatment for the manufacturing sector at the expense of agriculture.

New plan for meat co-op rescue

BY A CORRESPONDENT

A BLUEPRINT for putting the giant co-operative, North Devon Meat, on a sound financial basis in the difficult years ahead is to be put before the directors at a special meeting tomorrow and will almost certainly go forward to the annual meeting in August.

At the moment, North Devon Meat is under severe financial stress and a rescue fund has been launched with an immediate target of £1.5m. Deadline will be August 7 and the indications are that members and well-wishers are subscribing generously.

Architect of the plan is ex-paratrooper, Lt.-Col. John Pine-Coffin, who doubles as an exclusive hotelier at the family home, Portledge, North Devon, and a beef farmer with an annual output of between 400 and 500 head of livestock. Most of this goes to North Devon Meat.

Col Pine-Coffin had the unanimous support of 80 leading West Country farmers, when he outlined his plan at a meeting on one of his farms, Cockington, between Bideford and the Cornish border. His plan has been favourably received by the banks. Mr Dick Cawthorne, the chief executive of North Devon Meat, has been kept fully in the picture.

Basis of the scheme is the provision of working capital by farmer producers. Annual loan shares would be based on 10 per cent of produce sold. Minimum shares would be based on 1,000 beast unit sales, which equals £100 share loan.

Shares could be purchased in stages throughout the year and would be repaid by the company in similar stages one year later, plus any dividends due on the interest-free loan over that period of time.

The alternative, according to Col Pine-Coffin, would be a 3 per cent levy which would be charged on the amount sold to cover the marketing costs. "The levy charge, although more expensive, might be more attractive," admitted Col Pine-Coffin.

High hopes for Indian tea sales

By P. C. Mahanti in Calcutta

IN THEIR latest tea market annual report J. Thomas and Company, the leading tea auctioneers in India forecast an improved tea market for Indian Tea in 1982. Both orthodox and CTC teas (better quality teas) are likely to find sustained support from buyers in main consuming countries.

It is expected that Russia will purchase a larger quantity and Poland will find the necessary credit to make up for the shortfall in her 1981 purchases.

Iraq and the Gulf States will continue to support the Indian tea market actively. Iran is short of tea and should buy more but a lot will depend on the political situation in the country.

Reflecting the better world demand outlook the London auctions have shown an upward price-trend in the early part of this year and prices are expected to remain firm throughout. Domestic consumption is likely to go up and the carry-over into the new season would be negligible says the report.

Gold exchange stocks announced

WITH SPOT trading scheduled to begin next Monday, the London Gold Futures Exchange has announced that members are holding 82,503 troy ounces of gold on warrant in approved vaults.

The holding shows a fair amount of physicals for a new exchange. Comex, the New York exchange, which has been trading a volume more than ten times heavier than the London market on its gold contract, has 1,965,279 troy ounces in stocks.

Unlike the London market where volume dropped to as low as 275 one day this week, the volume on Comex has been increasing. For the first six months of the year Comex traded 5.5m contracts compared with 4.9m last year over the same months.

Whaling ban leaves future uncertain

BY NANCY DUNNE

THE suspension of whaling in three years voted at the International Whaling Commission (IWC) meeting last week in Brighton has produced more uncertainty about the future than triumph for conservationist countries.

The immediate question arising from the vote to set quotas for whaling at zero in three years is whether or not whaling countries like Japan, the USSR, Norway and Korea will comply. They can ignore the quota by simply registering and objection within the next 90 days, or they may leave the Commission and establish a new body more to their liking. A few have hinted that they may continue to allow whaling in their own national waters, observing the ban outside their 200 mile off-shore zones. Japan has announced that it will appeal against the decision with whaling continuing in the meantime.

If whalers refuse to observe the zero quota, then the conservationist drive to ban the practice may have done more harm than good. In ignoring the quota, whalers could end up with larger catches than if they had been allowed what they consider "rational control."

The zero quota, not a ban according to the Seychelles delegates who introduced the proposal, can only be overturned by 75 per cent of the vote in the Commission. The IWC is required to review the quota by 1990, but whaling countries believe a revival of the already ailing industry after a four-year hiatus would be next to impossible.

The IWC was founded by 13 whaling countries in 1946 when the market for whale products was collapsing. The essentially commercial nature of the group began to change after the UN Conference on the Environment in 1972, which proposed a 10-year moratorium on whaling.

The Commission resisted a ban on the basis that more scientific evidence was needed before a moratorium could be imposed. It then embarked on a decade of research (scientists still cannot agree on stock estimates), established a permanent secretariat with a scientist as secretary and began managing stocks and species on individual bases.

Under the influence of the IWC, whalers have been reducing their catches each year. Ten years ago, the worldwide catch was estimated at 42,000. This past year about 14,000 were taken, 2,000 over quota.

Meanwhile more and more nonwhaling countries joined the IWC until the balance has tipped towards the conservationists. The whaling nations who organised the Commission for economic reasons could perhaps be pardoned for objecting to the death of their industries at the hands of outsiders. However conservationists say the whalers, themselves, are reponsible for tha disappearance of stocks.

Conservationists have an emotional worldwide support from concerned animal lovers. They vehemently agree with the famous naturalist, Sir Peter Scott, who said: "In light of our present knowledge of these magnificent mammals, no civilised person can contemplate whaling without revulsion and shame at the insensitivity of our own species."

In reply to the consevationists, Mr Ichiuchi Ohmura, vice secretary of the Japan Whaling Association, says, "Their arguments are based on sheer sympathy with whales. They don't understand our perception of whalemeat as a food source."

If the whaling countries do ignore the zero quota, the question of punishment is posed. Many of the Commission's conservationist members already ban the import of whale products, so little action in that direction against whalers is possible. They can, however, expect inconvenience.

New Zealand, for example, could ban whalers from its docks, making repairs difficult in tha South Pacific. "I do not expect anyone to rush in to make this a major struggle," said one commissioner from a conservationist country.

U.S. officials say they will probably impose sanctions already on the books to embargo fish exports and limit fishing in U.S. waters to any country which ignores the zero quotas. However, there is no certainty that the U.S. will want to add another dispute to the trade warfare already underway.

The U.S. faces another dilemma. Its Alaskan eskimoes, who are aborigines are not affected by the quotas, are still permitted to kill Bowhead whales, the species most in danger of extinction. Can the U.S. therefore punish a nation for killing much more populous whales? And when would its sanctions take effect? When a country formally objects to the zero quotas or when it kills its first illegal whale?

It is expected that the U.S. and Japan will discuss whaling when representatives meet to renegotiate a bilateral fishing agreement in early August.

Also in doubt now is the future of the Whaling Commission itself if it has no wholing to curtail.

"During the next three years, the Commission must grapple with the problem of becoming a conservation commission," said Mr John Frizell, whale campaign co-ordinator for Greenpeace International, the conservasionist group.

The Commission may not find such a transition possible. Most of its scientific research in the past has been provided by the whalers. Japan alone is spending over £1.5m this year. If the whaling countries walk out or if the once-flourishing industry passes out of existence, then even the prospect for whale studies is in doubt.

The Commission has two years to analyse its role. Its chances for survival should become more clear in the next 90 days.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	31.50-31.75	−0.2
Iranian Light	30.50-31.00	−0.15
Arabian Heavy	29.00-29.75	−0.35
North Sea (Forties)	32.80-33.00	−0.15
African (Bonny L'ht)	33.75-34.00	−0.37

PRODUCTS—North West Europe	CIF ($ per tonne)	
Premium gasoline	341-345	−2
Gas oil	272-282	−3.5
Heavy fuel oil	150-152	+0.5

GAS OIL FUTURES

A weaker opening preceded a featureless day with thin conditions prevailing throughout. Prices steadied to reflect some buying interest in physicals, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	U.S. $ per tonne		
July	273.50	+0.50	—
August	281.00	+1.00	281.00-77.00
Sept	278.75	—	279.75-76.00
Oct	280.75	−0.50	281.75-78.25
Nov	282.00	−0.25	282.75-79.75
Dec	283.50	+0.50	283.00-80.00
Jan	284.00	+0.50	282.50-82.25
Feb	285.00	—	—
March	286.50	+0.50	—

Turnover: 2,852 (3,825) lots of 100 tonnes.

GOLD MARKETS

Gold fell $¾ to $352¼-353¼ in the London bullion market yesterday. It opened at $353-354, and was fixed at $351.50 in the morning, and $351.25 in the afternoon. The metal touched a peak of $354-354¾, and a low of $349-350.

In Paris the 12½ kilo gold bar was fixed at FFr 76,000 per kilo ($349.62 per ounce) in the afternoon, compared with FFr 76,000 ($350.58) in the morning, and FFr 76,500 ($355.39) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 27,460 per kilo ($352.58 per ounce), against DM 27,710 ($359), and closed at $351-352, compared with $352-353.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $352.25 per ounce, against $357.0.

In Zurich gold finished at $351-354, compared with $352-355.

	July 27		July 26	
Gold Bullion (fine ounce)				
Close	$352¼-353¼	(£200½-201)	$353-354	(£200¼-200¾)
Opening	$355-354	(£201-201½)	$356-357	(£202-202½)
Morning fixing	$351.50	(£200.066)	$357	(£202.682)
Afternoon fixing	$351.25	(£200.199)	$352.25	(£199.949)

Gold Coins July 27					
Krugerrand	$361¼-362½	(£206¼-206¾)	King Sov	$88-90	(£50-50½)
½ Krug	$186¾-187½	(£106¼-106¾)	Victoria Sov	$88-90	(£50-50½)
¼ Krug	$95-96	(£54¼-54¾)	French 20s	$72-72½	(£45¼-44¾)
1/10 Krug	$38¾-39¾	(£22-22½)	50 pesos Mex.	$430-433	(£245-246¾)
Mapleleaf	$361¼-362¼	(£206¼-206¾)	100 Cor. Aust	$340-345	(£193¾-196¾)
New Sov	$83½-84	(£47½-47¾)	$20 Eagles	$390-400	(£222¼-228)

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	201.00-1.25	+0.125	201.80-99.00
Sept'mb'r	201.50-3.00	−0.250	—
October	203.00-4.75	−0.500	204.95-3.60
November	205.00-6.75	−0.275	—
December	207.00-8.00	−0.150	—
January	208.50-10.5	−0.500	—
February	210.00-2.00	−1.000	—

Turnover: 391 (275) lots of 100 troy ounces.

BRITISH COMMODITY MARKET

BASE METALS

BASE METAL prices were generally a little easier on the London Metal Exchange, in spite of the weakness of sterling later in the day. Good demand from an influential source in Copper was met by Far Eastern selling, keeping the price fairly steady, and forward metal closed at £864. As expected, the Contango in Tin continued to narrow, closing at £40 on three months material was finally £6,250. Lead closed at £317, Zinc at £415, Aluminium at £572.5 and Nickel at £2,790.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
High Grade				
Cash	846.5-7	−17.7	850-.5	−14.7
3 mths	863-4	−15.7	865.5-7	−12.7
Settlem't	847	−18	—	......
Cathodes				
Cash	828-9	−11	830-2	−9.5
3 months	846-7	−12.7	848-8	−12
Settlem't	829	−11	—	......
U.S. Prod.	—	—	*70-75	......

Amalgamated Metal Trading reported that in the morning high-grade three-month copper traded at £86.50, 65.00, 64.50, 65.00, 64.00, 63.50, 63.00, 63.50. Kerb: Higher Grade, three months £863.00, 64.00, 63.50, 63.00, 64.00, 64.50. Afternoon: Higher Grade, three months £868.00, 66.50, 68.00, 68.00, 67.00, 66.50. Kerb: Higher grade three months £867.00, 66.50, 66.00, 65.50, 65.00, 64.00, 63.50, 63.00, 64.00, 64.50. Turnover: 10,475 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	6210-20	−20	6195-200	+2.5
3 months	6290-5	−70	6250-5	−37.5
Settlem't	6220	−20	—	......
Standard				
Cash	6210-20	−28	6195-200	+2.0
3 months	6290-5	−52.5	6250-5	−41
Settlem't	6220	−20	—	......
Straits E.	$28.15	......	—	......
New York	—			

Tin—Morning: Standard, cash £6,205, 10, 20. Three months £6,270, 80, 90, 6,300, 6,295, 6,300. Kerb: Standard, cash £6,220. Three months £6,290, 95. Afternoon: Standard, cash £6,200. Three months £6,300, 6,290, 80, 70, 50, 60, 55, 50. Kerb: Standard, three months £6,240, 30, 40, 45, 60, 50. Turnover: 4,735 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	306.5-7.5	−4.25	304-5	−4.25
3 months	318.5-9.5	−4.75	316-7	−4.25
Settlem't	307.5	−4	—	......
U.S. Spot	—	......	*28-8	......

Lead—Morning: Cash £307.00. Three months £321.00, 20.50, 20.00, 18.00, 19.00. Kerb: Three months £317.50, 18.00. Afternoon: Three months £318.00, 18.50, 18.00, 17.00. Kerb: Three months £318.00, 17.50, 17.00. Turnover: 46,275 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	406-7	−1.5	405-.6	−3.5
3 months	414.5-5	−2	414-.6	−3
S'ment	407	−1.5	—	......
Primw'ts	—	......	37-40.6	......

Zinc—Morning: Three months £415.50, 15.00, 14.50, 15.00. Kerb: Three months £414.00, 14.50. Afternoon: Three months £415.50, 15.00, 14.50. Kerb: Three months £415.00, 16.00, 15.00. Turnover: 10,125 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	552.5-3	+.5	552-3	−1
3 months	572.5-3.8	+.75	572.5-3	−.75

Aluminium—Morning: Cash £553.00, 52.50. Three months £573.00, 72.50, 73.00. Kerb: Three months £572.50. Afternoon: Three months £575.00, 74.00, 73.00. Kerb: Three months £573.00, 72.00. Turnover: 4,450 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2755-65	−25	2780-85	+13
3 months	2770-5	−22.0	2790-5	+7

Nickel — Morning: Three months £2,775, 70, 65, 70. Afternoon: Three months £2,770, 75, 80, 90, 95. Kerb: Three months £2,785, 90, 85. Turnover: 488 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 6.45p an ounce higher for spot delivery in the London bullion market yesterday at 410.95p. U.S. cent equivalents of the fixing levels were: spot 721.0c, up 9c; three-month 743.6c, up 8c; six-month 867.4c, up 8.6c; and 12-month 810.1c, up 3.3c. The metal opened at 408-413p (720-724c) and closed at 415-418p (728-733c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	410.95p	+6.45	413.25p	+6.75
3 months	422.45p	+6.15	425.25p	+7.20
6 months	432.85p	+6.65	—	......
12 months	452.45p	+5.45	—	......

LME—Turnover 122 (74) lots of 10,000 ozs. Morning: cash 410.5; three months 423.5, 24.0, 23.5, 23.0, 22.5, 22.0. Kerb: three months 422.0. Afternoon: three months 426.0, 28.5, 29.0, 28.5, 28.2, 28.3, 28.0. Kerb: nil.

COCOA

Futures failed to make the dues at the opening but commission house and arbitrage selling caused prices to weaken in the absence of any interest from manufacturers. Actuals business was scarce, reports Gill and Duffus.

Sales: 2,383 (2,034) lots of 10 tonnes.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	845-47	−19.5	859-45
Sept	871-78	−25.5	898-70
Dec	913-14	−22.0	935-14
March	947-48	−23.0	968-47
May	968-70	−25.6	990-70
July	988-90	−18.5	1012-990
Sept	1010-11	−16.5	—

ICCO—Daily price for July 27: 69.55 (71.50). Indicator price for July 28: 70.63 (70.71).

COFFEE

Early trade pressure produced the expected lower opening, reports Drexel Burnham Lambert. Continued chart inspired support and profit-taking thwarted any major break.

COFFEE	Yest'day's Close	+ or —	Business Done
July	1283-85	+1.0	1285-75
Sept	1103-05	−17.0	1115-00
Nov	1002-03	−23.5	1015-03
January	967-68	−20.0	981-68
March	941-42	−20.0	952-45
May	915-20	−14.5	927-20
July	911-12	−6.0	920-10

Sales: 3,687 (1,694) lots of 5 tonnes.

ICO Indicator prices for July 26: (U.S. cents per pound): Comp. daily 1979 114.61 (114.72); 15-day average 115.79 (116.13).

GRAINS

The market opened unchanged and remained firm. Barley met good buying on September and November. Wheat remained quiet all day, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
Sept.	110.15	+0.65	105.20	+0.25
Nov.	113.80	+0.05	109.05	+0.20
Jan.	117.50	+0.10	112.65	+0.25
Mar.	120.70	+0.05	115.60	+0.20
May	124.15	+0.10	118.00	+0.25

Business done—Wheat: Sept 110.15 only, Nov 113.80-113.65, Jan 117.50 only, March 120.75 only, May 124.15-124.00. Sales: 20 lots of 100 tonnes. Barley: Sept 105.25-104.85, Nov 109.05-108.75, Jan 112.80-112.45, March 115.70 only, May 118.95 only. Sales: 178 lots of 100 tonnes.

NGCA—Locational ex-farm spot prices. Feed barley: S. East 97.70, S. West 98.20, W. Mids 96.70, N. West 98.80. The UK Monetary Coefficient for the week beginning Monday August 2 (based on HGCA calculations using five days exchange rates) is expected to remain unchanged, but MCA's will increase from August 1 in line with support prices.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Aug 133.50, Sept 112.50, Oct 114 transhipment East Coast sellers. English Feed fob Sept 113.75, Oct/Dec 118 East Coast sellers. Maize: French Aug 135 transhipment East Coast seller. South African White/Yellow Aug/Sept 88 seller. Barley: English Feed fob July 104.25. South Coast Aug 1-10 104.75 Guinness sellers. Rest unquoted.

RUBBER

The London physical market opened slightly easier, attracted little interest throughout the day and closed quiet. Lewis and Peat recorded an August fob price for No. 1 RSS in Kuala Lumpur of 196.25 (196.5) cents a kg and SMR 20 171.5 (172.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Sept	49.80-51.50	50.20-50.80	—
Oct	50.70-51.50	—	—
Oct-Dec	51.80-52.80	51.80-51.90	52.00
Jan-Mar	54.60-54.70	54.60-54.70	54.70-54.40
Apl-Jne	57.30-57.50	57.40-57.60	57.40-57.20
Jly-Sept	60.10-60.30	59.20-60.50	—
Oct-Dec	62.70-62.80	62.80-65.00	62.70-62.60
J'n-Mch	65.00-65.20	65.00-65.20	65.20-65.00
Apl-Jne	67.70-68.00	67.90-68.80	—

Sales: 57 (182) lots of 15 tonnes nil (20) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 48.75p (same); Sept 51.00p (same); Oct 51.25p (51.50p).

SOYABEAN MEAL

The market opened around unchanged in mixed trading, reports T. G. Roddick. Prices remained in narrow ranges on lack of any fresh news.

	Yesterdays Close	+ or —	Business Done
	£ per tonne		
August	125.50-24.5	......	124.00
October	125.20-25.4	+0.40	125.50-25.50
Dec	130.10-30.5	+0.20	130.00
Feb	133.40-33.7	+0.15	—
April	133.20-33.5	−0.20	133.00
June	135.00-35.0	−0.75	—
August	134.00-37.0	−0.50	—

Sales: 69 (120) lots of 100 tonnes.

SOYABEAN OIL—The market opened slightly lower in thin conditions and prices remained on the defensive with commission house selling. Late buying marginally steadied the market. Closing prices and business done (U.S. $ per tonne): Aug 479, 481, 480-478; Oct 478, 479, 488-478; Dec 477.5, 478, 482-477; Feb 481, 482, 481; April 482.5, 487, untraded; June 480, 498, untraded; Aug 495, 510, untraded. Sales: 93 (70) lots of 25 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £105.00 (£107.00) a tonne cif July-Aug-Sept shipment. White sugar daily price £128.00 (same).

The market initially rallied but the highs were short-lived. Further losses were recorded following weaker New York No 11 quotations, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	$ per tonne		
Aug	101.80-02.00	104.00-04.25	108.25-01.75
Oct	109.25-09.50	110.75-10.80	113.25-09.55
Jan	110.00-17.50	114.00-20.00	—
March	123.05-23.25	124.30-24.50	126.50-23.00
May	126.90-26.20	127.10-27.25	126.00
Aug	128.20-28.50	129.50-31.25	131.75-30.50
Oct	133.10-30.50	134.50-35.00	—

Sales: 3,182 (3,671) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.90 (same) a tonne for home trade and £211.50 (£212.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for July 26: Daily price 7.41 (7.47): 15-day average 8.01 (8.04).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug 359, 364, 365-363; Oct 380, 385, 384-381; Dec 398, 400, 400-398; Jan 399, 402, 400; Mar 410, 418, 414; May 421, 426, 425-424; Aug 432, 437, 435-434; Oct 433, 439, nil; Dec 435, 440, nil; Jan 436, 442, nil. Sales: 45.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 516.0, 518.0, 518.0-515.0; Dec 517.0, 517.5, 518.0-517.5; Mar 524.0, 525.0, 525.0; May 529.0, 530.0, 533.0-530.0; July 538.0, 540.0, 539.0; Oct 532.0, 536.0, untraded; Dec 535.0, 541.0, untraded. Sales: 37.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 33 tonnes. Mixed operations were mentioned, without much support from users. Pressure developed in specialist types, chiefly those grown in the Middle East.

POTATOES

LONDON POTATO FUTURES—Continuing rumours of excessive UK plantings caused prices to trade lower initially. The market rose after the PMB announced a figure only modestly above target and fluctuated wildly, reports Coley and Harper. Closing prices Nov 58.90, +0.40 (high 60.00, low 57.50); Feb 67.00, +1.00 (high 68.50, low 65.40); Apr 76.80, +2.90 (high 80.00, low 75.45); May 87.70, +0.70 (high 89.50, low 85.80); Nov 64.80, −0.80 (untraded). Turnover 943 (736) lots of 40 tonnes.

JUTE

JUTE—C and F Dundee BWC £250, BWD £229, BTB £297, BTC £266, BTD £232; C and F Antwerp BWC £263, BWD £233, BTB £300, BTC £270, BTD £236; C and F Dundee Aug 40 in 10 oz £11.10, 40 in 7½ oz £8.45; B Twills £32.52.

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 78.5 to 83.5. Veal: Dutch hinds and ends 119.0 to 123.5. Lamb: English small 60.7 to 65.0, medium 58.0 to 64.0, heavy 56.0 to 59.0; Scotch medium 54.0 to 58.0, heavy 52.0 to 56.0; imported—New Zealand PL 60.3 to 61.3, PM 59.5 to 60.5, PX 59.0 to 59.0, YL 59.5 to 60.0. Pork: English, under 100 lb 37.0 to 53.5, 100-120 lb 41.0 to 52.5, 120-160 lb 40.8 to 49.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 98.84p per kg lw (−1.30). GB—Sheep 132.87p per kg est dcw (+3.12). GB—Pigs 69.20p per kg lw (+0.16).

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £5.00-£5.60, codlings £3.20-£4.20; large haddock £3.80-£4.20, medium £2.80-£3.40, small £1.60-£2.20; large plaice £6.00, medium £5.00-£6.00, best small £3.50-£4.80; skinned dogfish (large) £7.00-£8.00, (medium) £7.00; lemon soles (large) £6.50, (medium) £6.00; rockfish £2.40-£3.00; saithe £1.20-£4.10.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels—Lates 40 5.70, 48 6.30, 56 7.20, 72 7.20, 88 2.45, 112 6.05, 138 5.85, 150 5.25; Brazilian: 88/100 7.00-7.50; Jaffa: 88/105/123 7.50-7.60. Lemons—Spania: Trays 5-kg 25/50 1.40-2.00; Outspan: 15½-kg 80/180 5.00-6.60. Grapefruit—Jaffa: 20-kg 27 4.25, 32 4.45, 36 4.65, 40 4.90, 48 5.40, 56 5.35, 64 5.15, 75 4.95, 88 4.00; S. African: 27 4.70, 32 5.55, 36 5.70, 40 5.65, 48 5.40, 56 5.35, 64 4.90, 72 4.35—Ruby same as White. Apples—Tasmanian: Granny Smith 9.00-10.00, Sturmer Pippins 10.00-11.00; Australian: Granny Smith 9.50-10.50, Democrats 9.00-10.00; New Zealand: Granny Smith 9.50-10.50, Sturmers 10.50-11.50, Red Dougherty 11.00-11.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 27 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$960/990	−5	$950/980
Copper			
Cash h grade	£850.25	−14.7	£783
3 mths	£865.75	−12.7	£806.85
Cash Cathode	£831	−9.5	£772
3 mths	£848.5	−12	£795.5
Gold troy oz	$352.75	−0.75	$311
Lead Cash	£304.5	−4.25	£328.25
3 mths	£316.5	−4.25	£332.62
Nickel	£4080	......	£3822
Free mkt	280/250c	−8	250/260c
Platin'mtr oz'y	£260	......	£260
Free mkt	£171.50	−0.5	£182.80
Quicksilver†	$360/370	......	$365/375
Silver troy oz	410.50p	+5.45	310.50p
6 mths	422.45p	+0.10	319.95p
Tin Cash	£6197.5	+2.5	£6250
6 mths	£6252.5	−41	£6850
Tungsten 22.0 lb	$111.18	......	$110.92
Wolfrm 22.4 lbs	$107/112	......	$115/110
Zinc Cash	£406.25	−3.5	£415.5
3 mths	£414.20	−3	£419.25
Producers	$800	......	$800
Oils			
Coconut (Phil)	$465x	......	$508.5
Groundnut	‡	......	$562.5
Linseed Crude	‡		‡
Palm Malayan	$402.5w	−2.5	$467.5
Seeds			
Copra Phil	$310	......	$330
Soyabean (U.S.)	$254.ex	......	$303.5
Grains			
Barley Fut. Nov	£109.05	+0.20	£104.65
Maize	£136w	......	£137.00
Wheat Fut. Nov	£113.80	+0.05	£108.60
No.2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£907	−23	£972
Future Sept	£871.5	−25.5	£941.5
Coffee Ft' Sept	£1104	−17	£1,172.5
Cotton A.Index	79.00c	−0.1	76.70c
Gas Oil Aug	$281	+1	$281.5
Rubber (kilo)	48.75p	......	48.5p
Sugar (Raw)	£106vy	−1	£104
Woolt'ps 64s kl.	383p kilo	......	388p kilo

‡ Unquoted. x Aug-Sept. v July-Aug. w Aug. y Sept. † Per 76 lb flask. * Ghana cocoa. c Nominal.

INDICES

FINANCIAL TIMES

July 26	July 23	M'th ago	Y'ar ago
262.62	236.62	252.50	275.56

(Base: July 1 1952 = 100)

REUTERS

July 27	July 26	M'th ago	Y'ar ago
1543.5	1551.8	1536.6	1796.3

(Base: September 18 1931 = 100)

MOODY'S

July 26	July 23	M'th ago	Y'ar ago
1019.1	1018.3	987.8	1072.4

(December 31 1931 = 100)

DOW JONES

Dow Jones	July 26	July 23	Month ago	Year ago
Spot	125.01	127.17	120.70	—
Futr's	127.50	128.35	121.79	—

(Base: December 31 1974 = 100)

AMERICAN MARKETS

NEW YORK, July 27.

THE GRAINS and soyabean complex consolidated in quiet trade with maize and wheat supported in anticipation of a U.S.-USSR grain agreement. Heating oil was slightly firmer due to higher crude oil prices. Precious metals and copper came under selling pressure but found support on a broker loan rate cut to 13 per cent. Coffee attracted selling on the lack of cold weather in Brazil and expectations that Brazil will cut prices to attract business. Sugar was slightly lower on reports that Cuba's crop will be the second largest on record, reported Heinold.

Copper—July 65.25 (66.30), Aug 65.40 (66.90), Sept 66.00-66.05, Dec 68.15-68.25, Jan 68.90, March 70.20-70.25, May 71.80, July 73.25, Sept 74.70, Dec 76.90, Jan 77.60, March 79.05, May 80.50. Sales: 7,000.

*Gold—July 352.0 (355.3), Aug 351.8-352.5 (355.5), Sept 356.8-357.0, Oct 358.5-360.0, Dec 366.0-367.5, Feb 373.5-374.5, April 382.3, June 390.3, Aug 398.3, Oct 406.5, Dec 414.8, Feb 423.2, April 431.7.

*Platinum—July 296.0-298.0 (300.7), Oct 299.0-302.0 (307.2), Jan 308.0-310.0, April 316.3, July 324.4. Sales: 1,950.

Potatoes (round whites)—Nov 67.0-67.1 (66.1), Feb 67.0 (66.5), March 77.0-77.2, April 87.3-87.4. Sales: 150.

¶Silver—July 723.5 (737.0), Aug 723.5 (737.5), Sept 730.0-738.0, Dec 753.0-757.0, Jan 762.7, March 778.7, May 794.7, July 810.7, Sept 826.7, Dec 850.7, Jan 858.7, March 874.7, May 890.7. Handy and Harman bullion spot: 730.50 (720.00).

Sugar—No. 11: Sept 7.45-7.46 (7.54), Oct 7.63-7.65 (7.68), Jan 8.00-8.14, March 8.79-8.80, May 9.05-9.08, July 9.32, Sept 9.60-9.70, Oct 9.70-9.75. Sales: 8,326.

Tin—510.00-512.00 (512.00-515.00).

CHICAGO, July 27.

Lard—Chicago loose 24.25 (24.00).

Live Cattle—Aug 63.05-63.15 (63.67), Oct 62.05-61.90 (62.07), Dec 63.20-63.10, Feb 62.80-62.70, April 62.70-62.90, June 63.90, Aug 62.60.

Live Hogs—Aug 60.20 (61.70), Oct 57.50-57.55 (58.90), Dec 57.45-57.35, Feb 55.45-55.30, April 51.70, June 52.00-52.0, July 52.40-52.55, Aug 49.7.

‡‡Maize—Sept 251¼-250¾ (252¾), Dec 254½-254¾ (254½), March 268½, May 277½-277¾, July 282-282½, Sept 283½.

Pork Bellies—Aug 80.37 (82.37), Feb 74.75 (76.75), March 73.85-73.87, May 71.42, July 71.57, Aug 70.15.

†Soyabeans—Aug 616¾-616½ (615), Sept 613½-613 (613¾), Nov 616-617, Jan 633¼-634, March 652, May 667, July 680, Aug 683½.

‖Soyabean Meal — Aug 178.0-177.9 (178.2), Sept 178.0-177.9 (178.3), Oct 178.3-178.1, Dec 183.2-183.1, Jan 186.0-186.2, March 190.8-190.5, May 195.0-195.5, July 199.5-200.0, Aug 199.5-200.0.

Soyabean Oil — Aug 18.51-18.50 (18.52), Sept 18.68-18.69 (18.70), Oct 18.83-18.84, Dec 19.19-19.21, Jan 19.45, March 19.80-19.82, May 20.14-20.15, July 20.38-20.39.

†Wheat—Sept 353-353½ (361½), Dec 375¾-376¼ (374¾), March 392¾, May 399, July 398½, Sept 406.

WINNIPEG, July 27.

§Barley—July 118.7 (117.9), Oct 111.5 (111.2), Dec 113.0, March 115.0, May 116.2.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 230.14 (230.44).

All cents per pound ex-warehouse unless otherwise stated. ¶ $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Tuesday's closing prices

Coffee—"C" Contract: Sept 123.00-123.30 (123.79), Dec 113.78-113.90 (114.89), March 108.00-109.25, May 106.00-106.25, July 104.00-104.20, Sept 102.00-102.50, Dec 101.10. Sales: 1,006.

††Cocoa—Sept 1401 (1441), Dec 1460 (1493), March 1525, May 1576, July 1618, Sept 1660. Sales: 2,500.

Cotton—No 2: Oct 69.18-69.25 (71.05), Dec 71.66-71.70 (73.18), Mar 73.90, May 75.90, July 76.70-76.75, Oct 76.40-76.75, Dec 75.00-75.25. Sales: 7,500.

Heating Oil—(cents per U.S. gallon): Aug 87.50 (86.45), Sept 86.90-87.15 (88.53), Oct 86.90-87.30, Nov 88.05-88.20, Dec 88.95-89.25, Jan 90.00-90.10, Feb 90.30, Mar 90.60, April 89.30, May 88.00.

Orange Juice—Sept 126.25-126.40 (126.00), Nov 125.55 (125.25), Jan 126.10, Mar 128.75, May 127.80-127.85, July 128.90-128.95, Sept 129.95, Nov 130.95-131.00. Sales: 300.

*Platinum—July 299.7 (308.5), Oct 306.5-307.5 (315.6), Jan 314.7, April 323.2, July 333.5. Sales: 2,404.

CHICAGO, July 26.

Chicago Imm Gold—Sept 359.0-359.3 (364.7), Dec 369.5 (375.8), Mar 381.1, June 392.3, Sept 403.7.

EUROPEAN MARKETS

ROTTERDAM, July 27.

Wheat—(U.S. $ per tonne): U.S. No Two Red Winter Aug 148, Sept 151. U.S. No Three Amber Durum Aug 171, Sept 173, Oct 176, Nov 181. U.S. No Two Northern Spring 14 per cent Aug 178, Sept 176, Oct 179, Nov 181. Canadian Western Red Spring Sept 202.50.

Maize—(U.S. $ per tonne): U.S. No Three Yellow Spot 128, afloat 124.50, July 123.50, Aug 121.50, Sept 118, Oct/Dec 117, Jan/Mar 125 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports July 20/Aug 10 247.50, Aug 248.50, Sept 248.50, Oct 242.60, Nov 242.60, Dec 248, Jan 253.75, Feb 258.25, Mar 261.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 209, July 211, Aug 212, Sept 214, Oct 215, Nov 218, Nov/Mar 224 sellers. Pellets Brazil afloat 215, July 218, Aug 218, Sept 221, Nov/Mar 242 sellers.

PARIS, July 27.

Cocoa—(FFr per 100 kilos): July 1001 asked, Sept 1042/1046, Dec 1088/1099, Mar 1130/1145, May 1170/1185, July 1195/1210, Sept 1235/1250. Sales at call: nil.

Sugar—(FFr per tonne): Oct 1443/1445, Nov 1430/1440, Dec 1440/1445, Mar 1537/1540, May 1577/1590, July 1605/1630, Aug 1630/1650, Oct 1665/1650. Sales at call: 16.

PETROCHEMICALS

NW Europe spot prices ($/tonne)‡

Product	Latest (1)	Change* + / —
naphtha	290-293	−5.7
benzene	450-455	+0
toluene (TS)	390	nc
xylene	480-485	−5
paraxylene	580-585	nc
orthoxylene	515-520	nc
styrene	675-680	nc
methanol	200-200	+1
phenol	640-660	nc
ammonia	186-195	nc

(1) Based on DM/$ exchange rate: 2.4357. * Based on DM/$ exchange rate: 2.5145. ‡ Prices are obtained from discussion with European traders, suppliers and consumers, effective July 27. Change +/— refers to $ change over past two weeks.

GARDENS TODAY

A change on a Wednesday

BY ROBIN LANE FOX

IMAGINE, THIS week, that your family has grown up and gone, that your garden is too big for you, and that your house, though lovely, is much too large for two. Most couples choose to move out and spend their next years wishing they had timed the move better. What about those who start a new life round the garden and lawns which had bothered them when the children were young?

If you think they must be mad, there is a garden in the Cotswolds to refute you. Twenty years ago, Rosemary Verey decided to take up serious gardening in the grounds of her lovely Gloucestershire home, Barnsley House, Barnsley, near Cirencester. She now runs several acres of clipped lawns, borders and vegetables, a staff of three gardeners who come and go round the garden's needs and a nursery of plants which delight her many visitors and allow them to take home varieties which they have admired in Barnsley's borders. Every Wednesday, from 10 till 6, her garden is open to a public which is growing as healthily as its best campanulas. It has picked up in her life where the family left off. It has also joined the list of English gardens which anyone keen on plants or design is advised to visit.

Rosemary Verey is well-known for her role in that best-selling title, The Englishwoman's Garden. At Barnsley House, she has put the title into practice and reminded me once again that gardeners do not have to begin when very young. I converted to the art three years before she did, but the gardens at Barnsley remind me that there are at least two gardening lifetimes still ahead of me, and that all is not always arthritis from the moment when the family disappears. Perhaps I will go over to azaleas and calcifuge gentians in a second life without school bills or footballs among the auriculas.

Barnsley gardens are planned round a pattern of borders which run out into a walled sweep of lawn, divided by a cross-walk and a short laburnum alley. The planting picks up the tones of the 1960s, those years when flower arrangers had taught gardeners to look for beauty in less-known flowers, and when the range of plants was widening through green-yellows, mauve blues, and off-whites. These colours were found in varieties praised memorably by the late Margery Fish and valued in grand gardens for blocking out the weeds.

On my visit to Barnsley two weeks ago, I saw no red flowers and no harsh oranges. The Vereys had chosen to control their colours, while attending to the design of the borders, walks, and a superb small stone garden temple. The plants reminded me often of a great English private garden which was developed in the 1950s and in 1982 has now reached the cross-roads after its owner's recent death.

At Manor House, Bampton, Oxfordshire, the same subtlety of colour and planting was developed by the late Countess Munster, a gardener whose eye had a wider effect on country-house gardening than future historians may appreciate. At Barnsley, the plants are more varied and the borders more informally packed. But the effect carries on the example which Bampton's admirers knew through magazine photographs and visits at its peak.

On the next Wednesday that you feel bored with this column and want a change of gardening, I suggest that you drop your FT and make for Barnsley instead. There are none of my favourite reds and few of my alpine blues. The plants on sale would tempt anyone and it comes as no surprise that a service run only for the garden's visitors should take over £12,000 in a season and finance this Englishwoman in her garden's upkeep.

I came away with several pinks special to Barnsley, a charming, small campanula called Innesii, which was new to me, and a mental note of the shrubs, herbaceous plants, violas, and silver leaves at prices which make one wonder what garden centres do with all that money.

The effect of a border cannot be caught in newsprint, so I will content myself with a few special mentions which you might imitate. Clearly, you have to be older than I to grow proper vegetables, especially Barnsley's rows of white strawberries and well-ordered forms of unusual cabbage. Vegetable fanciers will enjoy the sight of Barnsley's neatness. I admire this, but doubt if I will imitate it. Flowers, however are another matter, and I will round off with two good touches from this intriguing garden.

In a small space, you may have wanted a formal box-edged pattern, laid out like the old parterres of historic English gardens. Pattern books used to print all manner of designs and criss-cross ribbons for the use of their Jacobean readers, but they suggested some straggly plants for the bed's main content. At Barnsley, Mrs Verey tried several suggestions before settling on the old germander, or Teucrim, of English herb gardens. If you clip it in late spring, it makes a dense and neat little barrier less than a foot high and matches the box perfectly. Whereas lavender and hyssop spread too widely, this mixture of green box and grey-green germander makes an embroidered pattern possible in a small, sunny courtyard.

At the other end of the scale, you may have envied huge stems and spikes of flower on the great fox-tail lilies or Eremurus. These long plumes of white, pink and orange flower light up the garden in early June, but disappear miserably within a fortnight, leaving a clump of the ugliest leaves. I have never known how to place them in the deep, well-drained soil which they like best.

At Barnsley, I found the answer, a home among a cloud of dark-leaved common fennel, which sprouts around the Eremurus, while its fox-tail is fading. By July, the dead leaves are lost in the haze of a new fennel-forest showing just one of the clevernesses in this garden which puts fresh heart into us all.

FT COMMERCIAL LAW REPORTS

Bank's recovery of money paid under reserve

BANQUE DE L'INDOCHINE ET DE SUEZ SA v J. H. RAYNER (MINCING LANE) LIMITED
Queen's Bench Division (Commercial Court): Mr Justice Parker: July 21 1982

WHERE A bank pays money under reserve to the beneficiary of a letter of credit, it is entitled to repayment only if irregularities in the documents tendered by the beneficiary were such that the tender was bad and the bank was under no obligation to pay; and a tender is bad if the documents call for inquiry in that they contain inadequacies or inconsistencies.

Mr Justice Parker so held when giving judgment for the plaintiff bank, Banque de l'Indochine et de Suez SA, in its claim against the defendant sellers, J. H. Rayner (Mincing Lane) Limited, for repayment of money paid under reserve to the defendants under an irrevocable letter of credit.

* * *

HIS LORDSHIP said that the issuing bank opened an irrevocable letter of credit by order of buyers in favour of the defendant sellers. On August 24 1981 the defendants tendered documents to the plaintiff, the remitting bank, and requested payment of $1.01m.

The plaintiff considered that the tender was defective for a number of reasons. The defendants agreed with the plaintiff that, due to specified but contested discrepancies in the documents tendered, payment should be made and accepted under reserve.

The consideration for that agreement was that the plaintiff believed that by reason of the alleged discrepancies, it was entitled to refuse payment, and the sellers would not have been paid had they not been prepared to accept payment under reserve.

The plaintiff remitted the amount requested to the defendants' bank, notifying them that such payment was under reserve due to listed discrepancies. The buyers objected to the negotiation and, through the issuing bank, refused to lift the reserve on the ground of one of the listed discrepancies.

The plaintiff contended that it was entitled to repayment of the amount paid under reserve with interest, whether or not any of the discrepancies would have entitled it in law to have refused payment in the first place.

Mr Saville, for the plaintiff, submitted that the payment was provisional. He said that the defendants were obliged to make repayment on demand if the documents were rejected by the issuing bank for any of the specified reasons, or if any of those reasons, though not relied on by the issuing bank, was in law a valid objection to payment.

Mr Megrah, for the defendants, contended that there was no obligation to repay unless one or more of the specified discrepancies was established to have been a valid ground for refusing payment.

There was no authority as to the consequences of payment under a letter of credit being made under reserve in respect of irregularities.

The natural import of paying under reserve was that if the remitting bank did not, by reason of the irregularities, recover payment, the beneficiaries would pay back. The problem arose where, as in the present case, there was dispute as to the validity of the alleged irregularities.

The circumstances in which payments under reserve were made were: (i) where the remitting bank genuinely believed that there were one or more discrepancies justifying non-payment; (ii) where the beneficiary under the letter of credit believed that the bank was wrong and that he was entitled to payment; (iii) where both parties hoped that notwithstanding the alleged irregularities, the issuing bank would take up the documents and reimburse the remitting bank.

The question was, did the parties intend that the bank should be entitled to repayment notwithstanding that it was in law obliged to pay when it did? Or was it merely intended that the bank's position should be protected to the extent that the beneficiary should not be entitled to resist repayment if one or more of the irregularities was in law a valid ground for refusing payment?

The first of those two possibilities imported into "under reserve" more than the words could fairly bear. It would do more than reserve something. It would create a right to have money repaid notwithstanding that at the time of original payment the money was contractually payable.

A natural and commercially sensible meaning to give the words was that the bank reserved the right to have the money back if it was not contractually payable at the date of payment.

*

Such a meaning accorded with the realities of the situation. At the time of payment under reserve the beneficiary either was or was not entitled to payment. There was every reason to protect the bank from being unable to reclaim if at least one of the discrepancies was valid. It was that protection only which a bank obtained under reserve.

In the present case the plaintiff had reserved the right to have the money back if it was right, not to have it back if it was wrong. That was what the reserve gave it. To achieve the results for which the plaintiff contended, clearer words would be required.

With regard to the discrepancies, the plaintiff contended that neither individually, nor as a set, were the documents in order. Not only was there no link on the face of each with others in the entire set, but taken as a whole there were inconsistencies or inadequacies.

The plaintiff relied principally on Lord Sumner's statement in *Bank Melli Iran v Barclays Bank [1951] 2 Lloyd's Rep 367*: "There is no room for documents which are almost the same or which will do just as well."

A beneficiary was entitled to be paid as long as the documents could be plainly seen to be linked with each other, were not inconsistent with each other or with the terms of the credit, did not call for inquiry, and between them, stated all that was required in the credit.

Where instructions from the issuing bank were clear, the remitting bank was obliged to that bank to see that they were complied with. Where instructions were ambiguous, the remitting bank might pay on a reasonable interpretation. It was entitled to refuse payment to the beneficiary unless instructions were clear.

In *the Galatea [1979] 2 Lloyd's Rep 450* Mr Justice Donaldson said: "a tender of documents which properly read and understood call for further inquiry, or are such as to invite litigation, are a bad tender."

In the present case the tender was bad, both as individual documents and as a set. They clearly called for inquiry. Words describing the goods, or their weight, appeared in some documents, but not in others. Two of the documents referred to two apparently different voyages, and one introduced an entirely new company on the scene; and there were other matters.

The plaintiff was entitled to the return of its money with interest from the date of payment.

For the plaintiff: Mark Saville QC and Michael Collins (Durrant Piesse).

For the defendants: Maurice Megrah QC and Roger Ter Haar (Clyde and Company).

By Rachel Davies
Barrister

TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.20 Cheggers Plays Pop starring Keith Chegwin. 9.45 Jackanory. 10.00 Paddington. 10.05-10.30 Why Don't You ? 1.00 pm News After Noon. 1.30 King Rollo. 1.35 Bric-A-Brac. 1.45-3.55 Glorious Goodwood (Racing). 4.18 Regional News for England (except London). 4.20 Play School. 4.45 We Are The Champions. 5.05 Newsround.

5.10 The Monkees.
5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.50 The Wednesday Film: "The Dove," starring Joseph Bottoms and Deborah Raffin.
8.30 Now Get Out Of That.
9.00 News.
9.25 Task Force South: The Battle for the Falklands (3) To the Brink of War.
9.55 Chicago Story, film series starring Dennis Franz.
11.03 News Headlines.
11.05 The 20th Century Remembered: Lord Home talks to David Dilks.

Tonight's Choice

A nasty overlap tonight means a dash for the VCR or the tape recorder. **Film Buff Of The Year** (BBC-2) promises to be compelling for anyone with even the slightest interest in the cinema.

The clash comes with **The Great Groundnut Scandal** on Radio Four. At the time of the scandal Fyfe Robinson was a youthful reporter at large. In this documentary he recalls the extraordinary Attlee Government venture that attempted to clear 5,000 square miles of African bush in order to grow peanuts. Britain was so short of food that it seemed like a good idea at the time. The result was agricultural, financial and political disaster on a massive scale.

On an evening when the ITV button is best left alone since the desert of its schedule is relieved only by the doubtful oases of **Coronation Street** and **Crossroads**, those film buffs who are later to be tantalised with quiz questions might relax and enjoy **The Dove**, the early evening film on BBC-1. A remarkable film about a remarkable voyage around the world.

ARTHUR SANDLES

BBC 2

6.40-7.55 am Open University.
10.50 Gharbar.
10.30-10.55 Play School.
12.30-1.20 pm Open University.
5.10 The Medici Gardens.
†5.40 Laurel and Hardy Double Bill.
6.20 Lord Mountbatten Remembers.
6.55 Six Fifty-Five Special.
7.25 News Summary.
7.30 Spine Chillers.
7.40 The Travel Show.
8.10 The Man Alive Debate.
9.00 Film Buff of the Year.
9.30 Cloud Howe.
10.25 International Dressage.
11.00-11.50 Newsnight.

LONDON

9.30 am Winston Churchill. 10.25 It's A Mile From Here to Glory. 11.10 Struggle Beneath the Sea. 11.35 We'll Tell You A Story. 12.10 pm Rainbow. 12.30 The Communicators. 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Women of Today. 2.00 Afternoon Plus. 2.45 Beyond Westworld. 3.45 Three Little Words. 4.15 Dr Snuggles. 4.20 Storybook International. 4.45 Into the Labyrinth. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames News
6.25 Help!
6.35 Crossroads.
7.00 Where There's Life.
7.30 Coronation Street.
8.00 The Big Top Variety Show.
9.00 Something in Disguise.
10.00 News.
10.30 "The One and Only," starring Henry Winkler and Kim Darby.
12.20 am Close: Sit Up And Listen with Fred Trueman.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA
9.35 am Cartoon Time. 9.45 International Bowls. 10.10 "The Bushbaby" starring Donald Houston. 11.50 Captain Nemo. 1.20 pm Anglia News. 2.45 Welcome Back Kotter. 3.15 World Worth Keeping. 5.15 Private Benjamin. 6.00 About Anglia. 12.20 am Pilgrim to the Holy Land.

BORDER
9.30 am Documentary. 9.50 Film: "Child's Play." 11.00 Sesame Street. 1.20 pm Border News. 2.45 Charlie's Angel's. 5.15 Survival. 6.00 Lookaround Wednesday. 12.15 am News Summary.

CENTRAL
10.00 am Johnny's Animal Operas. 10.25 The Adventures of Niko. †10.50 Hopalong Cassidy. 1.20 pm Central News. 2.45 Palmerstown. 5.15 Diff'rent Strokes. 6.00 Crossroads. 6.25 Central News.

CHANNEL
1.20 pm Channel Lunchtime News, What's On Where and weather. 5.20 Crossroads. 6.00 Channel Report. 6.10 Fanglace. 8.35 Summer Extra. 10.28 Channel Late News. 12.20 am News and weather in French followed by Epilogue.

GRAMPIAN
9.40 am First Thing. 9.45 Sesame Street. 10.40 Call It Macaroni. 11.05 Thunderbirds. 11.55 The Adventures of Parsley. 1.20 pm North News. 2.45 Last of Summer. 5.15 Mr Merlin. 6.00 Summer at Six. 12.15 am North Headlines.

GRANADA
9.30 am Grey Angels From Small Hope. 9.55 Wednesday Matinee: "Child's Play." 11.00 Sesame Street. 1.20 pm Granada Reports. 2.00 Winners and Losers. 2.30 Putting on the Style. 2.45 Palmerstown. 5.15 Welcome Back Kotter. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 10.30 The Wednesday Film—Richard Attenborough and John Hurt in "10 Rillington Place."

HTV
9.50 am 3-2-1 Contact. 10.20 Beachcombers. 10.45 The Extraordinary People Show. 11.10 The World We Live In. 11.35 Superstar Profile. 1.20 pm HTV News. 2.45 To The Wild Country. 4.15 Ask Oscar! 4.45 The Flintstones. 5.15 Staying Alive with Eddie McGee. 6.00 HTV News. 10.28 HTV News.

HTV Cymru/Wales—As HTV West except: 11.10-11.35 am Vicky the Viking. 12.00-12.10 pm Ty Bach Twt. 4.15 Here's Boomer. 4.45-5.15 Llygad Barcud. 6.00 Y Dydd. 6.15-6.35 Report Wales.

SCOTTISH
10.00 am Wild Wild World of Animals. 10.25 Summer Matinee: "The Amazing Mr Blunden." 1.20 pm Scottish News. 2.45 Love Boat. 5.15 Trivial Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Talking Scots. 12.20 am Late Call.

TSW
9.35 am Sesame Street. 10.35 Project UFO. 11.25 Rocket Robin Hood. 11.50 Sally and Jake. 1.20 am TSW News Headlines. 2.45 Skin Deep. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Televiews. 6.40 Sportsweek. 10.32 TSW News. 12.20 am Postscript. 12.25 South West weather.

TVS
9.30 am 3-2-1 Contact. 10.00 Survival. 10.25 The Making of "The Empire Strikes Back." 11.15 European Folk Tales. 11.30 Falcon Island. 1.20 pm TVS News. 2.45 Trapper John. 5.15 Happy Days. 6.00 Coast to Coast. 12.20 am Company.

TYNE TEES
8.20 am The Good Word. 9.25 North East News. 9.30 The History Makers. 9.55 European Folk Tales. 10.10 Cities. 11.00 Survival. 11.25 Stingray. 11.50 Mumbly. 1.20 pm North East News. 1.25 Where the Jobs Are. 2.45 The Ants Room. 5.15 Private Benjamin. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 12.15 am The Other Professionals.

ULSTER
10.10 am Sesame Street. 11.10 Tarzan. 1.20 pm Lunchtime. 2.45 Cities. 4.13 Ulster News. 5.15 Mr Merlin. 6.00 Good Evening Ulster. 10.29 Ulster weather. 12.20 am News at Bedtime.

YORKSHIRE
9.30 am Sesame Street. 10.30 Jason of Star Command. 10.55 Paint Along with Nancy. 11.20 Rocket Robin Hood. 11.40 Nahanni. 11.55 Captain Nemo. 1.20 pm Calendar News. 2.45 Charlie's Angels. 5.15 Private Benjamin. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 "The Executioner" starring George Peppard, Joan Collins, Judy Geeson, Keith Michell, Nigel Patrick and George Baker.

RADIO

(s) Stereo broadcast (when broadcast on vhf)

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Andy Peebles. 11.00 Simon Bates. 12.30 pm Newsbeat. 12.45 Dave Lee Travis. 2.00 Steve Wright. 4.30 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00-12.00 John Peel (s).

RADIO 2
5.00 Jimmy Mack (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News, sport. 6.00 John Dunn (S). 8.00 Alan Dell with Dance Band Days. 8.30 Among Your Souvenirs (S). 9.15 John Fox (S). 9.55 Sports Desk. 10.00 Tom Mennard tells Local Tales. 10.15 Wall Street Crash. 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Matthew presents Round Midnight (stereo from midnight). 1.00 am Encore (s). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composers: Clementi and his Circle (S). 10.00 Poulenc and Verdi choral recital (S). 10.45 Bournemouth Sinfonietta (S). 12.15 pm Gyorgy Pauk violin and piano recital (S). 1.00 News. 1.05 Summer Season (S). 2.00 What the Critics Said. 2.50 Percy Aldridge Grainger (S). 3.30 Haydn (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Beaux Arts Trio (S). 7.00 Let the Peoples Sing (S). 7.30 Proms 82, part 1: Haydn, Brahms (S). 8.25 Six Continents. 8.45 Proms 82, part 2: Dvorak (S). 9.35 A Century of Poetry. 10.00 Hildegard of Bingen (S). 10.25 Words. 10.30 Approaches to the East (S). 11.15-11.18 News.

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather, travel. 9.00 News. 9.05 Midweek: Clare Francis (S). 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Baker's Dozen (S). 12.00 News. 12.02 pm You and Yours. 12.27 A Small Town in Germany by John le Carre. 12.55 Weather; travel; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (s). 3.47 Time for Verse. 4.00 News. 4.02 Domestic Arrangements (S). 4.10 File on 4. 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Animal Language (S). 8.15 Anthony Hopkins talking about music (S). 8.45 The Great Groundnut Scandal. 9.30 Kaleidoscope visits the Buxton festival. 9.59 Weather. 10.00 The World Tonight. 10.30 England, Their England, by A. G. MacDonnell, part 4. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

RACING

BY DOMINIC WIGAN

THE WONDER represents France in today's £65,000 Sussex Stakes at Goodwood and this Group One event, which also sees the long awaited re-appearance of Sandhurst Prince, is as intriguing as ever.

Others included in the 13-runner line-up are Bel Bolide, Noalto, Achieved, Tender King and On The House.

Although it is asking a lot of them to give as an exciting a race as King's Stake and To-Agori-Mou gave last year, I do not expect racegoers to be in any way disappointed.

Although Achieved has failed to recapture his juvenile form of 1981 in four outings this season, I suspect he will repay each-way support.

A full brother to Final Straw, Achieved has been working with considerable zest lately and Vincent O'Brien is hopeful that his three-year-old can leave his lacklustre running in the Earlie Coolmore Irish 2,000 Guineas well behind here.

If Achieved is back to somewhere near his two-year-old form he has every chance of finishing ahead of Tender King and Red Sunset, the second and third behind Dara Monarch in the Irish 2,000 Guineas.

Of the others, in what became a wide-open affair once it was known that Dara Monarch would be missing from the line-up, I have most respect for *Bel Bolide* and *Sandhurst Prince*.

Bel Bolide has not produced his best in a long while now but is thought ready to return to his fine form of last spring.

Glorious Goodwood got off on exactly the right note for Lester Piggott's legion of admirers yesterday, when Chalon sauntered past the post to record a seventh consecutive victory.

Unbeaten in six races this season the good looking Habitat three-year-old was given a typically nonchalant ride by Piggott, who allowed Wink, ridden by Willie Carson, to put in a challenge three furlongs from home.

GOODWOOD
2.00—Red Rosie
2.30—Gallant Special*
3.00—Dragon Palace**
3.40—Achieved***
4.15—Lucky Penny
4.45—Glowing Halo

REDCAR
2.45—Smart Mart

DONCASTER
6.15—Zabeendar
6.45—Hillsdown Gold
7.15—Chad's Gamble

Mixed early Wall St showing

REFLECTING INVESTOR uncertainty over the outlook for U.S. interest rates, Wall Street was mixed to easier at mid-session after a fair turnover.

The Dow Jones Industrial Average, after losing 5.13 on Monday, managed a minor improvement of 1.23 at 826.67 at 1 pm. However, the NYSE All Common Index was 13 cents lower at $63.22 and declines held a seven-to-five edge over gains. Trading volume picked up to 34.31m shares from the previous day's light 1 pm figure of 28.14m.

On Monday, two major and two smaller banks cut their prime rate to 15½ per cent from 16, but analysts said more major banks may have to take similar action before the market can stage a sustained rally.

Some analysts also cautioned that a half-point cut in the prime rate may not be a large enough decline to spark an uptrend.

Corporate earnings reports were the biggest influence on trading in individual stocks. Volume leader Xerox fell 1½ to $30 after releasing lower second-quarter earnings and projecting continued pressure on third-quarter results. The company also said the next 18 months will be difficult.

Other issues knocked down by poor financial results included AMF, off $1 to $15⅞, Eastern Air Lines, ¼ to $5⅛, Automatic Switch, ¼ to $28⅜, Thomas and Betts, 1½ to $45, El Paso, ⅜ to $16⅜, and Richmond Tank, ⅜ to $8⅞.

Tonka continued to slide on news of lower earnings. The stock was down 1½ to $16, adding to a 2½ fall on Monday.

Transportation issues were lower, causing the Dow Jones Transportation index to fall 2.62 to 313.25. Active Pan-Am shed ⅛ to $3½, Delta $1 to $31⅞ and UAL ½ to $18⅜.

THE AMERICAN SE Market Value Index was 0.26 softer at 255.000 at 1 pm after volume of 2.07m shares (2.28m).

Canada

Most sectors weakened in light early dealings. The Toronto Composite Index was down 8.3 at 1,445.8 at mid-session, while the interest rate-sensitive Real Estate and Construction stocks fell 52.0 to 2,905.9 on index. Golds lost 34.6 to 1,501.1 and Oils 11.2 to 2,439.8.

Among the actives, Stelco "A" fell C$1 to C$18 and Husky Oil shed ⅛ to C$5⅛. Turbo Resources was off 2 cents to C$1.05.

Mitel, whose agreement with IBM is not expected to affect earnings until 1985, analysts say, fell ⅜ to C$23⅛.

Tokyo

Shares again displayed a bias to lower levels yesterday, reflecting the yen's setback against the U.S. dollar after its recent rally, and also the lower Wall Street stock market trend overnight.

Trading was restricted by the deadline yesterday on margin trading for deliveries due this month, although volume, at 220m shares, exceeded Monday's very thin 170m.

There was selective buying, which lifted a few leading Electricals and Precision Instruments, and also some Pharmaceuticals. Non-ferrous Metal issues advanced on meeting foreign buying. Textiles and Machine Manufacturers were supported, but Oils, Constructions, Steels and Shipbuilders lost ground.

The overall result was that the Nikkei-Dow Jones Average only shed 5.90 to 7,198.04 and the Tokyo SE index 0.42 to 532.25.

Monday's news that the U.S. is investigating six major Japanese semi-conductor makers for possible price fixing of very large scale integrated circuits kept selling pressure on some Electrical companies. Nippon Electric was Y7 lower at Y770 while Mitsubishi Electrical shed Y4 to Y230 and Hitachi Y1 to Y563, but Oki Electric, down Y16 the previous day, recouped Y3 at P382.

Elsewhere, Nippon Steel eased Y2 to Y135, Mitsui Shipbuilding Y2 to Y150, Pioneer Electronic Y30 to Y1,410 and Toyota Motor Y5 to Y841.

Sony rose Y20 to 3,210 on an announcement by the company that it should not be hurt by a lawsuit filed by General Electric of the U.S. The suit charges Sony with violating a GE patent covering a thermoplastic called noryl. Sony said a provision in its contract with Asahi-Dow, the company that supplies Sony with the plastic in question, protects Sony from losses.

Kyowa Hakko, a high-technology drug company, moved ahead Y21 to Y635 in anticipation of strong earnings growth in the first half to the end of June.

Among the other bright spots, Canon climbed Y30 to Y759, Olympus Y31 to Y1,020, Victor Y40 to Y2,140, Sumitomo Metal Mining Y25 to Y963 and Takeda Pharmaceutical Y9 to Y760.

Germany

Bourse prices ended mostly easier after light turnover as weak Bond markets here and in the U.S. revived interest rate doubts and kept investors on the sidelines.

AEG opened higher on news that Grundig is to take a stake in AEG's Telefunken subsidiary, but eased later to close DM 0.30 down at DM 33.

Among Motors, BMW receded DM 3 to DM 203 and Daimler DM 2 to DM 304.

Energy group Veba, hoping to pay an acceptable dividend despite a difficult 1982, was unchanged at DM 128.40.

Prices for Domestic and Euromark Bonds drifted down by as much as half a point on uncertainty regarding U.S. interest rates. Deutsche Bundesbank brought DM 62.2m of Public Sector Bonds to balance the market, compared to sales totalling DM 8.3m on Monday.

The new 10-year DM 1.6bn Government Bond issue with a 9 per cent coupon lost one point by the end of trading from its Monday issuing price of 99.75 per cent.

Australia

Monday's rally by major Resources issues proved short-lived, some Heavyweight Minings leading markets mainly easier yesterday in reaction to lower Gold Bullion and base metal prices and the overnight Wall Street setback.

The All Ordinaries index shed 3.2 to 475.0, Metals and Minerals 7.4 to 353.9 and Oil and Gas 3.6 to 427.0.

In the Minings group, MIM retreated 13 cents to A$2.92, Western Mining 8 cents to A$3.14, Bougainville 6 cents to A$1.26, CRA 5 cents to A$3.25 and GMK 15 cents to A$5.35.

Oil and Gas issue Santos declined 12 cents to A$5.04. Elsewhere, BHP lost 8 cents to A$7.20 and CSR 5 cents to A$2.57.

Hong Kong

The recent easier trend continued in light trading with sentiment further dampened by the overnight Wall Street decline.

The Hang Seng index receded 16.65 more to 1,254.47, while combined turnover on the four exchanges contracted to HK$146.71m from Monday's HK$200.58m.

A firm exception was provided by World International, which put on 5 cents to HK$2.80 on speculation regarding the interim figures, due this Friday.

Among the leaders, Hutchison Whampoa lost 40 cents to HK$16.30, Jardine Matheson 20 cents to HK$17.50 and Hong Kong Land 15 cents to HK$7.45.

Johannesburg

Gold shares declined afresh in quiet trading on the weak Bullion price. F. S. Geduld retreated R2.50 to R26 and Randfontein R1.75 to R59.25.

Closing prices for North America were not available for this edition.

NEW YORK

CANADA

Stock	July 26	July 23
AMCA Intl	17¼	17
Abitibi	17	17
Agnico Eagle	7.87	8.00
Alcan Alumin	24¼	24⅝
Algoma Steel	20¼	26¼
Asbestos	10⅛	10½

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SWEDEN

SOUTH AFRICA

GERMANY

JAPAN

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

BRAZIL

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

Companies and Markets

LONDON STOCK EXCHANGE

Engineers and Turner and Newall lead sharp setback

Index down 11.8 at 561.5—Gilt-edged steady

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
July 19	July 29	July 30	Aug 9
Aug 2	Aug 12	Aug 13	Aug 23
Aug 16	Sept 2	Sept 3	Sept 13

* "New-time" dealings may take place from 9.30 am two business days earlier.

A sharp reaction in the Engineering leaders following an article in the Financial Times highlighting the effects of the recession on British manufacturing industry and the pessimistic views of companies on the outlook severely undermined sentiment on London equity markets *yesterday*.

Against this backdrop, rumours of financial difficulties at TI, *subsequently denied* by the company, resulted in a marked deterioration in other leading shares. The setback was, however, headed by a further fall of 10 to 44p in Turner and Newall in front of the company's reply last night to the recent controversial television programme on the asbestos industry.

Measuring the trend, the FT 30-share index was down 14 points at the 11 am calculation. This proved to be the lowest of the day, a subsequent technical rally leaving the index a net 11.8 lower at 561.5. The falls in the Engineering leaders and Turner and Newall accounted for around two-thirds of yesterday's reaction.

Elsewhere, disappointing *interim figures from NatWest*, down 12 at 440p, dampened recent enthusiasm in the major banks, but fresh speculative buying interest was shown in the Merchant Bank sector.

Gilt-edged securities tended to be overshadowed by events in the equity sectors, but trended to higher levels after the previous day's bout of profit-taking. Encouraged by Monday's *cuts in prime rates by some U.S.* banks and by recent favourable indications for lower domestic rates, buyers began to show occasional interest after a slightly easier start at the long-end of the market. The revival was relatively modest, but early small losses were replaced by gains of ¼ at the close. Short-dated stocks also made progress, recording rises of ⅛, and tha recording rises of ¼, and the Government Securities index hardened to 72.34.

NatWest disappoints

Supported up to 458p immediately ahead of the interim statement, NatWest retreated sharply on acute disappointment with the first-half profits to touch 438p and close a net 12 lower at 440p. In sympathy, other major clearers also drifted lower after a firm start, but adverse comment ahead of Friday's half-year results left Midland 10 down at 326p, after 324p. Lloyds, which announced satisfactory interim figures last Friday, ended a penny off at 415p, after 410p, while Barclays gave up 5 to 395p, after 402p. Elsewhere, *Grindlays softened 2 to 173p* following the maintained interim dividend and static profits. Discounts turned easier after recent strength with Union closing 10 cheaper at 475p and Clive a couple of pence lower at 33p. Bid hopes continued to spur selected merchant banks. *Hambros gained 5 to 118p* and Brown Shipley 8 to 223p. Hire Purchases held on to the previous day's good gains which stemmed from the abolishment of hire purchase controls.

Composite Insurances contributed to the general dull trend. Still awaiting a possible further move from Allianz, Eagle Star lost 7 to 345p. Phoenix declined 8 to 264p.

Lack of investment incentive and the resultant paucity of business left leading Breweries with modest falls. Bass eased 3 to 232p, but Whitbread, a nervous market following the proposed purchase of Nabisco Brands' wine and spirit division *for around $155m*, held at 116p. Merrydown Wine, in the wake of the excellent full-year figures, touched 136p before reverting to unchanged at 134p.

Particularly firm recently on interest rate optimism, leading Buildings succumbed to scrappy selling. Blue Circle slipped to 480p before steadying in the wake of the Malaysian subsidiary's good interim results to close 5 cheaper on balance at 482p. Rugby Portland Cement gave up a *couple of pence* to 90p; Bell Group has reduced its stake in the company to below 5 per cent. Barratt Developments met profit-taking and shed 4 to 296p, while Redland lost the same amount to 179p. Against the trend, Costain attracted further interest and put on 8 for a two-day gain of 18 to 248p with the Deferred *another 6 up at 240p*.

Business in ICI was small in front of tomorrow's interim results and the close was 4 cheaper at 306p.

Stores mark time

Store leaders lacked impetus and were content to hover around the overnight positions. Sporadic profit-taking prompted an easier tone among recently buoyant electrical retailers and *falls of 2 were common to Comet* Radiovision, 126p, Dixons Photographic, 181p, and Currys, 176p. First-half profits from Vantona fell a little below general expectations and the close was 3 cheaper at 108p. Courts Furnishers attracted renewed interest and added 4 to 82p with the A 2 to the good at 80p. Martin Ford, also added 2, to 24p; the interim results are scheduled for today.

Scattered offerings and lack of fresh support made for quietly dull conditions in Electricals. Racal gave up 5 more to 485p and Thorn EMI relinquished 3 to 425p, after 422p. Ahead of today's AGM, Ferranti dipped 10 to 845p, while ICL reflected labour worries with a fall of 3 to 63p. Automated Security fell 10 to 245p and United Scientific 8 to 330p.

Talk that a major engineering group is in serious financial difficulties, coming hard on the heels of *John Brown's* profits warning, completely demoralised the sector. TI were particularly *vulnerable as fears about* their troubled British Aluminium subsidiary grew; TI shares were nervously sold down to a 1982 low of 88p before rallying on the company's late denial of liquidity problems to finish only a couple of pence off on balance at 94p. BA closed 6 down at 36p. John Brown remained friendless at 41½p, down another 2, while GKN *lost 9 to 136p*, after 133p, and Metal Box finished 8 lower at 144p. Hawker softened 2 to 332p, after 330p, Vickers gave up 4 at 134p. Awaiting the preliminary results Acrow A dipped 3 to 32p, while Bawer Perkins relinquished 3 to 94p. By way of contrast, Benjamin Priest gained 2½ to 26½p on the good second-half *profits recovery, while* Birmingham Pallet, a depressed market of late on the interim deficit, rallied 6 to 34p.

Selective selling was evident in the Food sector. Cadbury Schweppes shed 3 to 105p, while Tate and Lyle, 172p, and Northern, 158p, lost 4 apiece. Unigate cheapened a couple of pence to 90p.

Ladbroke came on offer in Hotels and Caterers, losing 5 to 141p; the interim results are due soon.

The current controversy surrounding asbestos and its dangers to health continued to weigh heavily on Turner and Newall which dropped 10 more to a 1982 low of 44p ahead of last night's follow-up television programme on the subject. Other miscellaneous industrial leaders turned distinctly dull on adverse comment and talk that a major engineering company is in financial trouble. Awaiting the company's reply to *recent medical* criticism of its Zantac anti-ulcer drug, Glaxo fell 13 to 730p. Unilever gave up 10 to 625p and Pilkington 7 to 200p.

The general weakness shown by the Engineering sector was mirrored by Motor and Aircraft component manufacturers. Additionally unsettled by talk of brokers' downgrading profit forecasts and doubts about the maintenance of the final dividend, Lucas came under renewed pressure and fell 8 to a 1982 low of 138p. Dowty eased 4 to 147p, while Jonas Woodhead gave up a penny more to 16p. Having made useful progress on Monday following the relaxation of hire purchase restrictions, *Distributors* encountered scattered profit-taking and closed mixed. Second thoughts on the annual results lifted Arlington 3 to 68p, while favourable comment aided Alexanders, 2 better at 11½p. Henlys, however, eased 3 to 94p in after-hours' trading, while falls of 2 were noted for Godfrey Davis, 76p, and Lex Service, 142p; the last-mentioned announces interim results today.

Properties displayed an irregular appearance following small business. MEPC finished a penny dearer on balance at 192p, after 194p, while Land Securities reverted to the overnight level of 292p, after 290p. Capital and Counties lost 2 to 133p and Hammerson A 10 to 560p, but Great Portland Estates hardened a couple of pence to 164p. Elsewhere, revived speculative support lifted Carlton Real Estates 2½ to a 1982 peak of 20½p, while C. H. Beazer and Property Partnerships added 3 apiece to 160p and 220p respectively.

Oils easier

Marked down at the outset *following the intensification of* the petrol pump price war, Oils staged a partial rally on the Indonesian energy minister's forecast of increased crude prices before drifting off again to close at, or near, the day's lowest levels. British Petroleum, 288p, and Shell, 398p, both closed 4 cheaper, while Ultramar gave up 5 to 395p. Among the onshore exploration issues, Carless Capel relinquished 4 to 162p and Marinex 10 to 95p. Against the trend, Sun UK, a thin market, rose 10 to 100p.

In otherwise idle Plantations, Inch Kenneth turned dull and, in a restricted market, closed 20 lower at 238p.

Golds retreat

South African Golds lost ground yesterday as the bullion price edged below $350 an ounce, before closing $0.75 down on the day at $352.75. Falls ranged to a point, as in Randfontein Estates, at £26¾, with declines above ½ common to Buffels at *£14¾, Western Deep at £13¾*, Free State Geduld at £12¼ and President Steyn at £12½.

The medium-priced issues were featured by Doornfontein, down 53 to 770p, while Durban Deep at 870p, Libanon at 842p and Venterspost at 371p were all more than 20 lower. The Gold Mines index gave up 9.2 to 242.2.

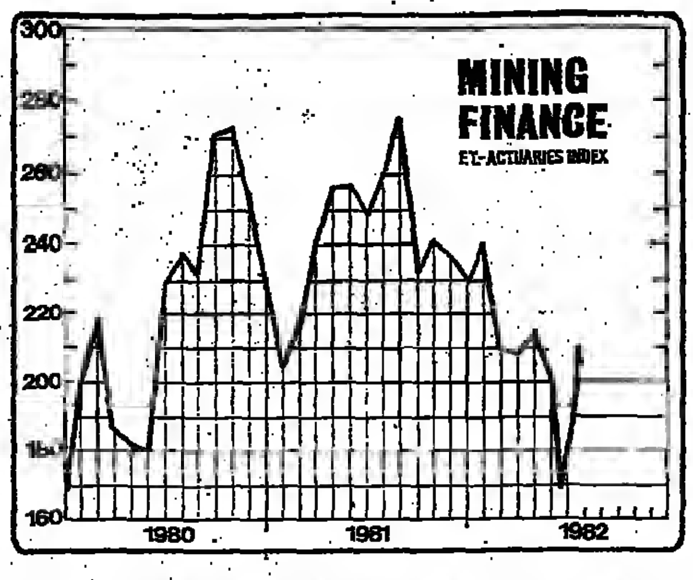
Gold-based Financials were generally lower. Gold Fields of South Africa fell ¾ to £32, Amgold were ½ off at £32½, Gencor 25 weaker at 775p and Anglo American ended 13 down at 560p. Johnnies were an exception, improving ½ to £30. Sentrust gave up 13 to 399p, and UC Investments lost 20 to 520p on further consideration of the reduced first-half profits and lower interim dividend.

Coals recouped the declines of *the previous day, with Amcoal* up ½ to £12¼ and Transvaal Consolidated Land ½ to the good at £20.

London Financials fell in line with other UK equities with Rio Tinto-Zinc down 6 to 410p. Falls of 4 were common to Charter and Gold Fields at 188p and 403p respectively.

Among generally quiet Australians, Gold Mines of Kalgoorlie fell 10 to 185p for a two-day decline of 20. Other leading stocks were mostly a few pence cheaper, including Pancontinental, down 2 to 84p, and Western Mining, 5 off at 178p, in spite of the previous day's good news about Jabiluka and Olympic Dam respectively.

Once again, the majority of business in Traded Options was transacted during the morning session with the expiry of the July series today providing an additional boost. Lonrho recorded 301 calls, with 170 being done in the popular November 90's; the interim results are expected next week. Courtaulds were also in demand and attracted 275 calls, 194 in the expiring July 80's. Marks and Spencer and Shell Transport recorded 266 and 254 calls respectively. Tomorrow sees the introduction of put trading in Land Securities, Marks and Spencer, Courtaulds and Commercial Union.



FINANCIAL TIMES STOCK INDICES

	July 27	July 26	July 23	July 22	July 21	July 20	A year ago
Government Secs.	72.34	72.28	72.66	72.46	72.61	72.36	64.45
Fixed Interest	73.01	73.01	72.90	72.82	72.72	72.57	66.53
Industrial Ord.	561.5	573.3	578.2	573.2	573.2	570.2	525.3
Gold Mines	242.2	251.4	252.8	248.2	255.5	238.2	316.7
Ord. Div. Yield	5.37	5.30	5.29	5.37	5.40	5.39	6.01
Earnings, Yld.% (full)	11.30	11.16	11.16	11.34	11.40	11.39	11.53
P/E Ratio (net) (*)	10.73	10.87	10.86	10.68	10.63	10.64	10.88
Total bargains	16,522	16,793	10,984	15,821	17,405	18,008	17,144
Equity turnover £m.	—	144.80	156.91	132.61	134.55	189.07	85.83
Equity bargains	—	13,817	12,718	12,280	13,680	14,603	18,671

10 am 562.4. 11 am 559.3. Noon 561.1. 1 pm 561.6.
2 pm 560.3. 3 pm 560.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.00.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.66 (26/7)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	73.01 (26/7)	62.79 (7/1)	150.4 (28/11/47)	50.53 (6/1/75)
Ind. Ord.	594.0 (5/6)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	181.8 (22/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 26	July 23
—Daily		
Gilt Edged Bargains	230.1	210.4
Equities Bargains	89.5	82.4
Value	292.7	317.1
5-day Avrge.		
Gilt Edged Bargains	221.3	222.3
Equities Bargains	86.9	85.4
Value	306.4	293.1

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 26	Aug 6	Oct 28	Nov 8
Aug 9	Aug 20	Nov 11	Nov 22
Aug 23	Sept 3	Nov 25	Dec 6

For rate indications see end of Share Information Service

Stocks favoured for the call included Stewart Wrightson, Lonrho, Samuel Properties, Braby Leslie, Tozer Kemsley and Millbourn, Trident TV, Johnson and Firth Brown, Marks and Spencer, North Kalgurli, John Brown, Commercial Union, BP and TI. Puts were arranged in Racal, Caravans International and Braid, while doubles were transacted in Lonrho, Marks and Spencer, BP and TI.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
‡‡	F.P.	—	45	40	Anglo-Nordic 0p	44	—	b0.89	2.0	2.9	24.8
‡‡	F.P.	—	82½	75	Antofagasta Hldgs £1	75	.....	7.0	3.6	13.3	2.3
‡‡	—	30/7	18	11	Argyll Foods Warr'ts.	17	−1	—	—	—	—
‡‡	F.P.	—	48	41	Argyle Trust	44	−2	—	—	—	—
§45	F.P.	—	45	42	Atlantis Res. Int.	48	.....	—	—	—	—
46	F.P.	30/7	55	50	Bairstow Eves 5p	55	.....	g1.61	2.5	4.2	13.5
§58	F.P.	30/7	59	52	✠Dencora	55	+1	—	—	—	—
§130	F.P.	28/5	177	140	✠Bruck Hldgs.	177	.....	b2.3	2.5	1.9	30.7
—	F.P.	28/11	106	102	✠Ecobric New Ord£1	104	.....	bd10.5	1.8	14.4	4.5
—	F.P.	—	63	62	✠ Do. Defd.	62	.....	—	—	—	—
§60	F.P.	6/8	60	52	✠Knight Cmptr Int 5p	52	−1	bd1.6	2.0	4.4	16.6
§137	F.P.	30/7	190	150	✠McCarthy & Stone	190	.....	b5.75	2.7	4.3	11.4
§105	F.P.	2/7	121	110	✠Miles 33 10p.	120	+1	ud2.8	4.5	2.4	10.4
600	F.P.	2/7	630	595	Oriflame SA (US$1.50)	620	−10	bQ50c	2.2	4.5	9.9
§150	F.P.	13/8	155	150	✠Oillfield Insp. Srvc	155	.....	u2.1	3.7	2.0	17.4
—	F.P.	—	25	21	RIT & Northern War'ts	21	−2	—	—	—	—
77	F.P.	14/7	97	88	✠Radio City 'A' NV	96	+3	b5.6	1.5	8.3	11.7
‡‡	F.P.	—	38½	38	Rowe Evans Inv. 10p.	38	.....	—	—	—	70.3
140	F.P.	29/6	186	160	✠Ruddle (G.) 10p	180	.....	b3.3	2.6	2.6	20.0
‡‡	F.P.	—	44	37½	Walker (Alfred) 10p.	38½	.....	b0.75	5.5	2.6	7.2
—	F.P.	—	36	32	✠Yelverton Invs. 5p.	32	−2	—			

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
‡‡	F.P.	—	60p	52p	Antofagasta 3.5% Pref. (£1)	52p	.....
99.528	£20	—	21¾	21¼	Australia 13½% Ln. 2010	21½	.....
§100	F.P.	9/7	107	99	Benlox 8% Conv. Cum. Rd. Pf.	100	.....
¶100	F.P.	26/8	102½	100½	Bournemouth Water 9% Red. Prf. '8789.	102½	.....
§100	Nil	88/7	½pm	¼pm	Granite 14% Cnv. Uns. Ln. '92	¼pm	.....
‡‡	F.P.	—	145½	130	First Nat. 12½pc Conv. Uns. Ln. 1987	139	.....
§100	F.P.	9/7	101	91½	Marlborough Props. 10% Cnv. Ln. '93 2002	95	.....
92.55	£25	8/10	28½	23¾	Midland Bk. 14% Sub. Uns. Ln. 2002-07.	29	−¼
100	F.P.	—	101	99½	Nationwide Bdg. Soc. 14% (4/7/83)	101	.....
100	F.P.	—	100¼	100¼	Do. 15¼% (25/7/83)	100¼	.....
99.345	£25	—	22¾	24⅛	New Zealand 14½% 1987	22¾	.....
§100	Nil	—	½pm	¼pm	Polymark Intl. Cm. Cnv. Red. Part. Prf. 'A'	½pm	.....
§100	F.P.	23/7	107p	97p	Rotaprint 11½% Cum. Conv. Red. Pref.	97½	.....
¶100	£10	17/11	15½	13½	West Kent Water 8¾% Red. Pref. 87-89	13½	.....

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −
166	F.P.	9/7 6/8	205	188	Applied Computer Tech.	205	.....
170	F.P.	13/5 24/8	190	180	Bank Leumi (UK) £1	185	.....
103	Nil	6/8 17/9	19pm	15pm	Blundell-Permaglaze	19pm	−1
25	Nil	29/7 26/8	1½pm	1pm	Cronite	1pm	.....
78	Nil	2/8 17/9	6pm	3pm	Goal Pet. 5p	3pm	−1
174	F.P.	12/6 30/7	252	212	Grand Met 50p	256	−2
25	F.P.	26/7 5/9	25½	24	Jenks & Cattell	25	−1
65	Nil	30/7 20/8	16pm	8pm	Minster Assets	15pm	−1
50	F.P.	24/6 13/8	62	52	Prase (Wm.) 10p	61	.....
325	F.P.	17/6 30/7	445	380	Saatchi & Saatchi 10p	420	.....
216	F.P.	5/7 15/8	282	269	Sketchley	282	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. i Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barratt Dev.	296	− 4	Midland Bank	326	−10
Costain	248	+ 8	NatWest Bank	440	−12
Glaxo	730	−13	RTZ	410	− 6
Johnson Grp. Clnrs.	279	−12½	Thorn EMI	425	− 3
Lucas Inds.	138	− 8	Turner & Newall	44	−10

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
Glaxo	14	743	− 5	NatWest Bank	11	452	+12
Plessey	14	527	—	Racal Elec.	11	490	− 5
Trident TV "A"	13	69	− 5	Beecham	10	300	− 4
Cns. Gold Flds.	12	407	− 5	Royal Ins.	10	370	− 5
ICI	12	310	− 2	Sound Diffusion	10	130	—
BAT Inds.	11	451	−14	BICC	9	310	− 5
Lucas Inds.	11	146	− 5	Barclays Bank	9	400	+12

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Tues July 27 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon July 26 Index No.	Fri July 23 Index No.	Thur July 22 Index No.	Wed July 21 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	408.95	−1.0	9.26	4.11	13.46	413.07	413.17	405.63	404.93	347.91
2	Building Materials (23)	340.68	−1.6	12.10	5.36	10.27	346.07	343.98	336.35	334.79	300.67
3	Contracting, Construction (28)	612.05	−0.4	14.17	5.04	8.43	614.80	608.11	598.99	602.46	553.12
4	Electricals (31)	1646.20	−0.4	6.45	1.97	19.80	1653.60	1657.15	1612.76	1601.74	1154.31
5	Engineering Contractors (11)	475.41	−1.5	13.97	6.36	8.64	482.76	484.29	483.87	489.98	492.56
6	Mechanical Engineering (67)	197.28	−1.5	11.72	5.99	10.33	200.27	200.97	200.37	200.31	201.69
8	Metals and Metal Forming (11)	146.70	−3.0	12.67	8.27	9.80	151.24	151.24	149.32	149.96	158.98
9	Motors (20)	82.12	−2.1	3.02	8.51	—	83.91	84.08	84.36	85.44	97.47
10	Other Industrial Materials (18)	350.74	−1.4	10.56	6.09	11.58	355.56	356.12	352.58	355.97	370.77
21	CONSUMER GROUP (202)	322.31	−0.8	12.46	5.48	9.71	324.88	325.14	320.05	319.82	275.60
22	Brewers and Distillers (22)	345.72	−0.7	13.78	6.02	8.79	348.30	349.60	343.68	342.14	300.28
25	Food Manufacturing (22)	278.96	−1.4	16.57	6.96	7.09	282.97	281.34	275.62	276.70	256.18
26	Food Retailing (14)	676.04	−1.0	8.73	3.31	14.06	683.08	676.10	663.55	667.90	586.95
27	Health and Household Products (9)	500.05	−1.1	6.87	3.38	17.21	505.67	509.60	502.75	500.16	332.34
29	Leisure (23)	416.65	−1.4	10.34	5.62	12.19	422.47	422.73	418.14	419.20	439.92
32	Newspapers, Publishing (13)	516.02	+0.3	11.93	6.05	10.55	514.66	508.70	508.88	510.20	486.95
33	Packaging and Paper (14)	143.26	−0.9	16.81	7.70	6.92	144.53	145.42	144.27	143.71	144.40
34	Stores (45)	293.99	−0.1	9.89	4.75	13.42	294.28	292.27	286.48	284.41	253.18
35	Textiles (23)	166.50	−0.5	13.94	6.44	8.73	167.38	167.78	167.71	167.70	159.92
36	Tobaccos (3)	334.56	−0.7	23.94	8.27	4.66	337.03	347.80	344.04	349.18	254.65
39	Other Consumer (14)	269.70	−1.2	6.36	5.78	31.04	272.94	271.25	267.42	265.40	290.43
41	OTHER GROUPS (76)	258.77	−1.0	13.71	6.52	8.85	261.46	261.49	258.05	257.92	224.57
42	Chemicals (15)	340.12	−1.2	13.95	7.03	8.60	344.15	345.50	338.33	336.54	275.91
44	Office Equipment (4)	96.79	−1.7	16.80	9.02	7.31	98.47	99.38	99.53	100.48	111.76
45	Shipping and Transport (13)	576.73	−0.7	18.26	7.08	6.67	581.08	583.18	579.37	578.62	550.73
46	Miscellaneous (44)	341.53	−0.9	11.80	5.56	10.36	344.59	342.66	339.32	340.28	295.57
49	INDUSTRIAL GROUP (487)	342.82	−0.9	11.41	5.09	10.71	345.93	346.10	340.45	340.89	293.10
51	Oils (13)	668.66	−1.3	23.72	8.70	4.78	677.29	684.08	672.94	668.15	750.39
59	500 SHARE INDEX	369.55	−1.0	13.18	5.61	9.09	373.11	373.80	367.71	366.99	330.85
61	FINANCIAL GROUP (117)	253.82	−0.9	—	6.72	—	255.99	254.32	250.47	250.58	265.82
62	Banks (6)	275.32	−1.7	37.35	8.34	2.93	280.01	272.46	270.05	271.16	273.74
63	Discount Houses (9)	253.18	−1.6	—	9.23	—	257.19	254.46	253.75	252.71	267.22
65	Insurance (Life) (9)	270.96	−0.8	—	6.75	—	273.20	274.72	272.94	271.61	268.51
66	Insurance (Composite) (10)	162.14	−1.1	—	8.73	—	163.94	164.95	162.21	162.76	176.74
67	Insurance Brokers (7)	510.89	—	11.02	5.08	12.48	511.13	514.10	516.26	517.46	482.36
68	Merchant Banks (12)	140.58	+0.2	—	6.31	—	140.29	138.67	131.28	133.57	168.68
69	Property (49)	425.83	−0.1	5.42	3.80	24.45	426.44	425.49	414.87	411.85	479.24
70	Other Financial (15)	173.41	−1.0	17.79	6.70	6.48	175.14	172.85	171.99	172.79	180.66
71	Investment Trusts (111)	297.57	−1.0	—	5.52	—	300.69	299.70	296.42	296.89	318.91
81	Mining Finance (4)	204.29	−1.3	15.48	6.95	8.10	207.08	209.63	203.88	207.34	254.93
91	Overseas Traders (18)	372.25	+0.3	13.80	8.60	8.93	371.18	370.31	370.15	360.77	425.87
99	ALL-SHARE INDEX (750)	338.41	−0.9	—	5.86	—	341.59	340.71	336.38	335.98	317.31

FIXED INTEREST

	PRICE INDICES	Tues July 27	Day's change %	Mon July 26	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	114.95	+0.07	114.87	—	6.92
2	5-15 years	116.48	+0.14	116.31	—	8.50
3	Over 15 years	120.86	+0.02	120.84	—	7.81
4	Irredeemables	124.88	—	124.68	—	7.27
5	All Stocks	117.09	+0.08	117.00	—	7.77
6	Debentures & Loans	92.54	−0.08	92.61	—	6.46
7	Preference	67.32	+0.15	67.22	—	3.79

	AVERAGE GROSS REDEMPTION YIELDS		Tues July 27	Mon July 26	Year ago (approx.)
	British Government				
1	Low	5 years	10.08	10.14	12.57
2	Coupons	15 years	12.06	12.05	13.25
3		25 years	12.15	12.15	13.45
4	Medium	5 years	12.55	12.56	14.72
5	Coupons	15 years	13.00	13.02	15.16
6		25 years	12.60	12.58	14.74
7	High	5 years	12.63	12.65	14.69
8	Coupons	15 years	13.17	13.18	15.36
9		25 years	12.74	12.73	14.99
10	Irredeemables †		11.87	11.87	12.90
11	Debs & Loans	5 years	13.86	13.82	15.83
12		15 years	13.89	13.87	15.96
13		25 years	13.89	13.87	15.98
14	Preference †		14.73	14.75	16.31

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (46)

BRITISH FUNDS (10)

INTL. BK. & O'SEAS GOVT. STLG. ISS. (1)

Intl. Bk. 14pc 1987

BANKS (1)

Alexanders Discount

BEERS (5)

Bell (A.) 9½pc Cnv. 1999-01; Highland Dist.; Young Brew. A; Bulmer (H. P.); Do. Non-Vtg.

BUILDINGS (2)

Higgs & Hill; Redland (& wts.)

CHEMICALS (1)

Ellis & Everard

STORES (7)

Asprey; Dewhirst; Courts A; MFI Furniture; Habitat 9½pc Cnv. 1998-2001; Marks & Spencer; Milletts

ELECTRICALS (1)

Scholes (G. H.)

ENGINEERING (1)

Bullough

FOODS (2)

Bishop's Stores A N-Vtg.; Nurdin & Peacock

INDUSTRIALS (6)

Consultants; Macarthys Pharm.; Elswick-Hopper; Standard Fireworks; Halma; Whitecroft

LEISURE (1)

Norton & Wright

MOTORS (2)

Alexanders; Tate of Leeds

PROPERTY (1)

Carlton Real

TRUSTS (2)

Moorgate Inv. Tst.; Tor Inv. Inc.

OVERSEAS TRADERS (2)

Paterson Zochonis; Paterson Z. A N-V

MINES (1)

Amal. Nigeria

NEW LOWS (55)

AMERICANS (4)

GATX; Texaco; Rep. N.Y. Corp.; U.S. Steel

CANADIANS (1)

Intl. Nat. Gas

BUILDINGS (2)

Rohan; UBM

STORES (3)

Ladies Pride; Vantona; Lee Cooper

ENGINEERING (13)

Birmid Qualcast; Lee (Arthur); British Aluminium; Midland Inds.; Brown (J.); R.H.P.; Camford Eng.; Record Heenan; GKN; 600 Group; IMI; TI Group; Jones & Shipman

FOODS (2)

Danish Bacon A; FMC

HOTELS (1)

Norfolk Cap.

INDUSTRIALS (8)

Burco Dean; Peek Hldgs.; Continental Group; Polymark; Eastern Produce; Rank Org.; LCP Group; Turner & Newall

INSURANCE (1)

Brentnall Beard

MOTORS (4)

AE; Lucas Inds.; Dunlop; Woodhead (J.)

PROPERTY (2)

Daon Dev. Corp.; Sarakreek

SHIPPING (2)

Reardon Smith A; Runciman (W.)

SHOES (1)

Garnar Booth

TRUSTS (3)

Child Health; North Sea Assets; Crescent Japan

OILS (4)

Aran Energy; Pict Pet.; Bremen; Weeks (Bermuda)

OVERSEAS TRADERS (1)

Sime Darby

RUBBERS (1)

Highlands

MINES (2)

Kamunting; Exelaura Gold

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	47	7	37
Corpns. Dom. and Foreign Bonds	3	8	64
Industrials	124	367	847
Financial and Props.	40	198	275
Oils	11	38	59
Plantations	4	6	12
Mines	16	74	70
Others	27	51	76
Totals	271	747	1,440

CURRENCIES and MONEY

Dollar firmer

The dollar was firm in the foreign exchange market, as Eurodollar interest rates increased and nerves grew about the scale of U.S. Treasury refunding to be announced today. The possible impact on interest rate trends, coupled with a firming of the Federal funds overnight rate in early New York trading, underpinned the U.S. currency.

Sterling lost nearly a cent to the dollar, but gained ground against major currencies in general.

DOLLAR — Trade-weighted index (Bank of England) 119.3 against 118.7 on Monday, and 109.8 six months ago. Three month Treasury bills 10.69 per cent (13 per cent six months ago). Annual inflation 7.1 per cent (6.7 per cent previous month) — The dollar rose to DM 2.43 from DM 2.4085 against the D-mark; to FFr 6.77 from FFr 6.7050 against the French franc; to SwFr 2.05 from SwFr 2.03 in terms of the Swiss franc; and to Y252.50 from Y251 against the Japanese yen.

STERLING — Trade-weighted index 91.4 against 91.3 at noon and the opening, 91.2 at the previous close, and 91.3 six months ago. Three-month interbank 12½ per cent (14⅞ per cent six months ago). Annual inflation 9.2 per cent (9.5 per cent previous month) — The pound opened at $1.7560-1.7570, and fell to a low of $1.7500-1.7510 around lunch time, before touching $1.7565-1.7575 in the afternoon, and closing at $1.7550-1.7560, a fall of 95 points on the day. Sterling rose to DM 4.2650 from DM 4.2525; to FFr 11.8750 from FFr 11.83; and to SwFr 3.60 from SwFr 3.5850. It was unchanged at Y443.

DEUTSCHEMARK — EMS member (second weakest). Trade-weighted index 125.5 against 125.8 on Monday, and 121.9 six months ago. Three-month interbank 9.30 per cent (10.35 per cent six months ago). Annual inflation 5.8 per cent (5.3 per cent previous month)—The Deutschemark showed mixed changes at the Frankfurt fixing, and was unchanged against the guilder, Belgian franc, and Danish krone among EMS currencies. The dollar rose to DM 2.4251 from DM 2.4033 at the fixing, as the Bundesbank sold $19.5m. Firmer U.S. interest rates and nervousness ahead of today's figures on U.S. Treasury funding pushed up the dollar in fairly quiet trading. Sterling rose to DM 4.2580 from DM 4.2330.

ITALIAN LIRA — EMS member (strongest). Trade-weighted index was unchanged at 54.0 against 55.0 six months ago. Three-month interbank 20⅞ per cent (21⅞ per cent six months ago). Annual inflation 15.2 per cent (15.5 per cent previous month) — The lira remained very firm at the top of the European Monetary System, but lost ground to the dollar and sterling at the Milan fixing. The dollar rose to L1,359.05 from L1,350.55, and the pound to L2,384.50 from L2,376.75. On the other hand the D-mark fell to L559.70 from L561.76; the Dutch guilder to L506.50 from L508.48; and the French franc to L201.00 from L201.62.

DUTCH GUILDER — EMS member (weakest). Trade-weighted index 116.2 against 116.7 on Monday, and 114.2 six months ago. Three-month interbank 8⅞ per cent (10⅞ per cent six months ago). Annual inflation 6.5 per cent 16.3 per cent previous month) — The guilder weakened against most members of the EMS at the Amsterdam fixing, and also declined against the dollar, sterling and the Swiss franc. The U.S. currency rose to Fl 2.6850 from Fl 2.6570; sterling to Fl 4.7110 from Fl 4.6810; and the Swiss franc to Fl 1.3133 from Fl 1.30965. Within the EMS the D-mark improved to Fl 1.1059 from Fl 1.10565; the French franc to Fl 39.70 per 100 francs from Fl 39.685; and the lira to Fl 19.76 per 100 lira from Fl 19.80. The Irish punt was unchanged at Fl 3.80, but the Belgian franc fell to Fl 5.7910 per 100 francs from Fl 5.80.

THE POUND SPOT AND FORWARD

July 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7500-1.7575	1.7550-1.7560	0.02c pm-0.08dis	−0.20	0.55-0.65dis	−1.37
Canada	2.2140-2.2210	2.2165-2.2175	0.75-0.85c dis	−4.33	2.20-2.30dis	−4.06
Nethlnd.	4.69-4.73	4.71-4.72	1½-1c pm	3.18	3¼-3⅛ pm	2.86
Belgium	81.05-81.55	81.35-81.65	10-20c dis	−2.21	47-57 dis	−2.55
Denmark	14.74-14.81	14.78-14.79	1-¼ore pm	0.46	4⅛-5⅞ dis	−1.39
Ireland	1.2360-1.2425	1.2390-1.2400	0.48-0.58p dis	−0.03	1.58-1.71dis	−5.31
W. Ger.	4.24½-4.27½	4.26-4.27	1¼-¾pf pm	2.81	3⅛-2⅞ pm	2.81
Portugal	145.75-147.00	146.25-146.75	70-255c dis	−13.31	210-275 dis	−0.02
Spain	193.60-194.10	193.80-194.00	80-100c dis	−5.57	330-370 dis	−7.22
Italy	2,381-2,388	2,383-2,385	13¼-15¼ lire dis	−7.42	46-49 dis	−7.97
Norway	11.01-11.15	11.13-11.14	8½-10¼ore dis	−10.10	14⅞-15⅞dis	−5.48
France	11.83¼-11.88½	11.87-11.88	2¾-3¾c dis	−3.28	12½-13½dis	−4.38
Sweden	10.59-10.63	10.61½-10.62½	2¾-3½ore dis	−3.53	8-8⅞ dis	−3.16
Japan	440-445	442½-443½	2.15-1.95y pm	5.55	5.25-5.15 pm	4.69
Austria	29.90-30.10	29.97-30.02	11¼-8¾gro pm	3.90	27-20¼ pm	3.15
Switz.	3.57½-3.61½	3.59½-3.60½	2⅞-2⅜c pm	8.75	7-6½ pm	7.50

Belgian rate is for convertible francs. Financial franc 86.50-86.60. Six-month forward dollar 1.83-1.93c dis, 12-month 3.50-3.65c dis.

THE DOLLAR SPOT AND FORWARD

July 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7500-1.7575	1.7550-1.7560	0.02c pm-0.08dis	−0.20	0.55-0.65dis	−1.37
Ireland†	1.4125-1.4200	1.4155-1.4170	0.62-0.52c pm	4.84	1.45-1.35 pm	3.96
Canada	1.2625-1.2650	1.2625-1.2635	0.42-0.46c dis	−4.13	0.83-0.87dis	−2.69
Nethlnd.	2.0780-2.6925*	2.6870-2.6900	0.82-0.72c pm	3.43	2.87-2.77 pm	4.19
Belgium	46.15-46.42	46.37-46.39	7-9c dis	−2.07	13-16 dis	−1.25
Denmark	6.4050-6.4425	6.4250-6.4300	0.60-0.35ore pm	0.67	0.25-0.75dis	−0.24
W. Ger.	2.4200-2.4360	2.4295-2.4305	0.70-0.65pf pm	3.33	2.60-2.56 pm	4.24
Portugal	83.00-83.65	83.35-83.65	45-155c dis	−14.37	90-380 dis	−11.26
Spain	110.20-110.75	110.45-110.50	40-50c dis	−4.88	150-170 dis	−5.78
Italy	1,357½-1,361	1,358½-1,359½	9½-9¾ lire dis	−7.94	23-25 dis	−7.06
Norway	6.2735-6.3560	6.3425-6.3475	3.30-3.70ore dis	−0.01	5.40-5.80dis	−3.53
France	6.7400-6.7800	6.7675-6.7725	1.65-1.85c dis	−3.10	4.80-5.20dis	−2.96
Sweden	6.0320-6.0580	6.0450-6.0500	1.65-1.85ore dis	−3.47	2.75-2.85dis	−1.88
Japan	251.50-253.00	252.45-252.55	1.26-1.18y pm	5.80	3.82-3.72 pm	5.97
Austria	17.02-17.13	17.11-17.12	6.40-5.20gro pm	4.07	20.50-17.50pm	4.45
Switz.	2.0400-2.0550	2.0495-2.0505	1.57-1.49c pm	9.96	4.61-4.53 pm	8.92

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.
* The spread for July 26 should have read 2.6540-2.0700.

CURRENCY MOVEMENTS

July 27	Bank of England Index	Morgan Guaranty Changes %
Sterling	91.4	−32.0
U.S. dollar	119.3	+11.1
Canadian dollar	86.7	−20.0
Austrian schilling	119.1	+26.7
Belgian franc	95.3	−1.4
Danish kroner	82.5	−14.6
Deutsche mark	125.5	+40.9
Swiss franc	147.5	+99.3
Guilder	116.2	+23.2
French franc	74.1	−20.2
Lira	54.0	−59.3
Yen	133.2	+27.1

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

July 27	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.625901	0.553571
U.S. $	11½	1.06927	0.971518
Canadian $	15.60	*	1.22878
Austria Sch.	6¾	18.7459	16.6032
Belgian F.	14	51.0061	45.0596
Danish Kr.	11	9.24266	8.18999
D mark	7½	2.66584	2.35953
Guilder	8	2.95154	2.60853
French F.	9½	7.43216	6.56692
Lira	19	1495.91	1320.29
Yen	5½	277.236	244.725
Norwgn. Kr.	9	6.90726	6.14974
Spanish Pts.	9	121.304	107.353
Swedish Kr.	10	6.63464	5.87865
Swiss Fr.	5½	2.24658	1.98321
Greek Dr'ch	20½	75.2990	68.6338

*C$/SDR rate for July 26: 1.39261.

OTHER CURRENCIES

July 27	£	$		£ Note Rates
Argentina Peso	37,030†	21,100†	Austria	29.80-30.10
Australia Dollar	1.7450-1.7470	0.9945-0.9950	Belgium	85.60-86.60
Brazil Cruzeiro	319.56-320.36	19.180-182.72	Denmark	14.69-14.83
Finland Markka	8.2035-8.2120	4.6830-4.6950	France	11.79-11.99
Greek Drachma	117.357-120.950	69.50-69.50	Germany	4.23¼-4.27¼
Hong Kong Dollar	10.41½-10.43	5.9375-5.9425	Italy	2345-2395
Iran Rial	*146.80	*93.10	Japan	442-447
Kuwait Dinar (KD)	0.5020-0.5025	0.2862-0.2863	Netherlands	4.68¼-4.72¼
Luxembourg Fr.	81.35-81.45	46.37-46.59	Norway	10.97-11.07
Malaysia Dollar	4.1075-4.1175	2.3415-2.3455	Portugal	142¼-159
New Zealand Dlr.	2.3575-2.3625	1.3435-1.3455	Spain	186½-195¼
Saudi Arab. Riyal	6.0305-6.0355	3.4390-3.4390	Sweden	10.55-10.65
Singapore Dollar	3.7475-3.7576	2.1365-2.1395	Switzerland	3.56½-3.60½
Sth. African Rand	1.9915-1.9935	1.1345-1.1355	United States	1.74½-1.76½
U.A.E. Dirham	6.4395-6.4455	3.6715-3.6725	Yugoslavia	99-104

† Rate shown for Argentina is commercial. Financial rate, 68,614-68,854 against sterling 38,950-39,000 against dollar. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.0396	+0.15	+0.04	±1.5501
Danish Krone	8.23400	8.18989	−0.54	−0.65	±1.6430
German D-Mark	2.33379	2.35933	+1.09	+0.98	±1.0888
French Franc	6.61387	6.56892	−0.68	−0.79	±1.3940
Dutch Guilder	2.57971	2.60853	+1.12	+1.01	±1.5004
Irish Punt	0.691011	0.686828	−0.61	−0.72	±1.6691
Italian Lira	1350.27	1320.29	−2.22	−2.22	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 27	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.756	4.265	443.0	11.875	3.600	4.715	2384.	2.217	81.40
U.S. Dollar	0.570	1.	2.430	252.3	6.764	2.051	2.686	1358.	1.263	46.37
Deutschemark	0.234	0.412	1.	103.9	2.784	0.844	1.106	559.0	0.520	19.09
Japanese Yen 1,000	2.257	3.963	8.629	1000.	26.81	8.126	10.64	5381.	5.005	183.7
French Franc 10	0.842	1.479	3.592	373.1	10.	3.032	3.971	2009.	1.867	68.55
Swiss Franc	0.278	0.488	1.185	123.1	3.299	1.	1.310	662.2	0.618	22.61
Dutch Guilder	0.212	0.372	0.905	93.98	2.519	0.764	1.	505.6	0.470	17.26
Italian Lira 1,000	0.419	0.736	1.789	185.8	4.981	1.510	1.978	1000.	0.930	34.14
Canadian Dollar	0.451	0.792	1.924	199.8	5.356	1.624	2.127	1075.	1.	36.72
Belgian Franc 100	1.229	2.157	5.240	544.2	14.59	4.433	5.792	2929.	2.724	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 27)

3 months U.S. dollars		6 months U.S. dollars	
bid 13 1/16	offer 15 3/16	bid 14 1/16	offer 14 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rate for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12⅝-12⅞	11½-11½	17-18	8½-8¾	1½-2	9-9¼	14½-15	18-19	13-15	14-14½	6¼-6¾	12-13½
7 day's notice	12⅝-12⅞	11⅝-11⅞	15½-16½	8½-8¾	6¼-6¾	8½-9¼	14½-15⅛	18½-20	13-15	14½-14½	6⅜-6⅞	11½-12⅜
Month	12½-12	12-12½	15⅞-16⅛	9-8½	5½-5¾	8⅞-9	14½-15⅛	18½-20	13½-14½	14½-14½	6½-6⅞	11½-13
Three months	12-12⅛	13-13½	15¾-16	8½-8¾	4⅞-4⅞	8⅞-9	16-16½	20-20½	14-15	14½-14⅞	7½-7½	15½-15½
Six months	12½-12⅞	14-14½	16½-16⅞	9½-9¼	5½-5⅞	9⅛-9	17½-17½	21-21½	14½-15½	14½-14½	7½-7½	15½-17½
One Year	12½-12	14½-14⅞	16½-16⅞	9½-9¾	5⅜-5½	9-9⅛	17½-18½	21½-21½	14½-15½	14½-14½	7½-7½	17-18½

SDR linked deposits: one month 10⅞-11⅛ per cent; three months 11⅞-11⅞ per cent; six months 12⅛-12⅜ per cent; one year 12⅜-12⅝ per cent.
ECU linked deposits: one month 11⅞-11⅞ per cent; three months 11⅞-12⅛ per cent; six months 12½-12¾ per cent; one year 12⅝-12⅞ per cent.
Asian $ (closing rates in Singapore): one month 12⅜-12½ per cent; three months 13⅜-13⅞ per cent; six months 14⅛-14⅜ per cent; one year 14⅜-14½ per cent. Long-term Eurodollar: two years 14⅜-15 per cent; three years 14⅞-15½ per cent; four years 15-15½ per cent; five years 15-15½ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.
The following rates were quoted for London dollar certificates of deposit: one month 11.80-11.90 per cent; three months 12.50-12.60 per cent; six months 12.60-12.70 per cent; one year 13.60-13.70 per cent.

MONEY MARKETS

UK rates show little change

UK clearing bank base lending rate 12 per cent (since July 14)

UK interest rates showed little overall change yesterday. The Bank of England kept its dealing rates unchanged and there was little influence from a slightly firmer trend in U.S. rates. Overnight money in the interbank market opened at 12⅛-12⅜ per cent and rose to 12⅞-13 per cent before slipping to 12⅛-12⅜ per cent before lunch. Rates came back to 12⅛-12⅜ per cent in the afternoon but fell away to finish at 7-9 per cent.

The Bank of England forecast a shortage of around £600m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills −£165m and the unwinding of previous sale and repurchase agreements −£572m. On the other hand Exchequer transactions added £75m to the system. The Bank gave help in the morning of £308m, arranging further sale and repurchase agreements on £272m of bills at 11⅞-12⅛ per cent, unwinding on August 4. It also bought £3m of eligible bank bills in band 1 (up to 14 days) at 11⅞ per cent, £32m in band 2 (15-33 days) at 11⅞ per cent and £1m to band 4 (64-84 days) at 11⅞ per cent.

Further assistance was given in the afternoon of £207m, making a grand total of £515m. The afternoon help comprised purchases of £20m of eligible bank bills in band 1 at 11⅞ per cent, £61m in band 2 at 11⅞ per cent and £55m in band 3 (34-63 days) at 11⅞ per cent. In band 4 it bought £5m of Treasury bills and £4m of local authority bills (64-91 days) at 11⅞ per cent and £31m of eligible bank bills (64-84 days) also at 11⅞ per cent. In addition it arranged further sale and repurchase agreements on £31m of bills at 11⅞-12 per cent, unwinding on August 4.

In Brussels the Belgian National Bank cut its rate on three-month Treasury bills to 14.75 per cent from 15 per cent. At the same time the rate on four-month bond fund paper was reduced to 14.75 per cent from 15 per cent. Rates on one and two month Treasury bills were left at 14.75 per cent. The Belgian authorities' ability to cut rates has been enhanced by recent reductions in interest rates elsewhere in Europe and the U.S. and the Belgian franc's relative stability within the European Monetary System.

EUROCURRENCIES

$ rates firm

Euro-dollar rates continued to rise yesterday as the market awaited today's announcement of the U.S. funding programme. There were fears that this could keep interest rates high as the authorities tap the market for further funds to meet budget deficit requirements. Additional pressure was provided by a firmer trend in Federal Fund rates, although there appeared to be doubts in the market that this would sustain any rise in the dollar in the spot market.

Elsewhere the Swiss franc and D-mark both recorded higher premiums against the dollar in forward trading, as did the Japanese yen. The Belgian franc failed to react to a small reduction in some domestic rates while Euro-French franc rates continued to climb, pushing the franc to a wider premium against the dollar in forward trading.

MONEY RATES

NEW YORK

Prime rate	15½-16
Fed funds (lunch-time)	11¼-11½
Treasury bills (13-week)	10.69
Treasury bills (26-week)	11.47

GERMANY

Lombard	9.00
Overnight rate	8.975
One month	9.30
Three months	9.375
Six months	9.425

FRANCE

Intervention rate	14.75
Overnight rate	15.0
One month	14.5625
Three months	14.5625
Six months	14.625

JAPAN

Discount rate	5.5
Call (unconditional)	7.21875
Bill discount (three-month)	7.28125

LONDON MONEY RATES

July 27 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	7-13	12⅛-12⅜	—	—	12-12⅜	10-12⅛	—	—	—
2 days notice	—	—	12⅛-12⅜	—	—	—	—	—	—	—
7 days or 7 days notice	—	12⅛-12⅜	12⅛-12⅜	—	—	12⅛	12-12⅛	—	—	—
One month	12⅛-12⅜	12⅛-12⅜	12⅛	12½-12⅛	12⅛	12⅛-12⅜	11⅞	11⅞-11⅞	11⅞-11⅞	12⅛
Two months	12-12	12⅛-12⅜	—	12⅛-12⅜	12⅛	12⅛	11⅞	11⅞-11⅞	11⅞-11⅞	12
Three months	11⅞-11⅞	12-12⅛	12⅛	12⅛-12⅛	12⅛	12⅜	11⅞-11⅞	11⅞-11⅞	11⅞-11⅞	11⅞
Six months	11⅞-11⅞	12-12⅛	12⅛	11⅞-10⅞	12⅛	—	—	—	11⅞-11⅞	11
Nine months	11⅞-11⅞	12-12⅛	—	12-11⅞	12⅛	—	—	—	—	—
One year	11⅞-11⅞	12-12⅛	11⅞	12-11⅞	12⅛	—	—	—	—	—
Two years	—	—	12⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 12⅜ per cent; four years 12 per cent; five years 12 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅞-11⅞ per cent; four months trade bills 12⅛ per cent.

Approximate selling rate for one month Treasury bills 11⅞ per cent; two months 11⅞-11⅞ per cent; three months 11⅞-11⅞ per cent. Approximate selling rate for one month bank bills 11⅞-11⅞ per cent; two months 11⅞-11⅞ per cent and three months 11⅞ per cent; one month trade bills 12⅛ per cent; two months 12⅛ per cent; three months 11⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from July 1 1982. London and Scottish Clearing Bank Rates for lending 12 per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Treasury Bills: Average tender rates of discount 11.2025 per cent. Certificates of Tax Deposit (Series 5) 12⅛ per cent from July 21. Deposits withdrawn for cash 10 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard EC4P 4DX 01-236 1833

High Income				
Gilts & Fixed Int.	107.2	112.8	.....	11.20
High Inc Equity	39.1	42.3	−0.3	9.29
Capital Growth				
American Growth	59.1	63.5	−0.2	2.28
Commodity & Energy	47.4	50.4	.....	3.47
General	65.7	71.0	−0.7	4.32
Japan	49.1	52.8	+0.1	0.47
UK Growth	40.9	44.3	−0.3	3.74
Acc. Units	54.5	58.9	−0.3	3.74
Worldwide Bond	105.3	113.2	−0.7	8.86
Inv. Tst. Fd.	53.5	57.8	−0.3	4.15
Equitas Prog.	90.2	97.5	−0.9	4.31

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	95.1	100.1	.....	12.46

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD 01-248 4984

High Income	34.6	37.8	−0.3	9.35
North American	57.9	62.2	−0.1	2.75
Canadian Exempt*	42.7	45.1	−0.4	3.15
Canadian Trust	38.8	42.0	+0.1	3.26
Mid Mount High Inc.*	46.3	48.9	−0.9	8.71
Recovery	52.6	57.5	−0.1	3.73
Gilt Trust	39.4	41.2	−0.1	12.06

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 3492

Cres. American	37.0	40.0	−0.1	1.38
Cres. Capital	25.4	27.4	−0.2	2.74

L & C Unit Trust Management Ltd.
The Stock Exchange, London EC2N 1HA 588 2800

L&C Inc. Fund	168.4	173.7	.....	8.37
L&C Intl & Gen Fd.	104.6	107.8	.....	2.04

Legal & General (Unit Tst. Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	101.6	108.8	−0.4	4.14
Equity Acc.	164.3	156.0	−0.5	4.14
Gilt	140.2	147.6	−0.1	6.50

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114.

Leo Distribution	131.4	139.5	.....	0.29

Ridgefield Management Ltd.
1 Finsbury Sq., EC2A 1PD 01-588 6906

Income UT	73.4	79.0	−0.7	10.05
International UT	102.5	110.2	.....	1.71

Rothschild Asset Management
St. Swithin's Lane, London EC4. 01-626 4356

NC American Prop.*	—	$10.00	.....	—

Next Sub. Period October 31-November 28.

NC Prop.*	174.5	185.6	.....	—

Next Sub. Period Sept. 30-Oct. 14
*Unauthorised.

Rothschild Asset Management (a) (g) (z)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

N.C. Engy Res Tst	131.6	140.0	−1.3	1.65
N.C. Income Fd.	159.4	169.5	−1.9	8.20
N.C. America (Inc.)	132.0	140.3	+0.1	1.07
N.C. America (Acc.)	139.5	148.4	+0.2	1.07
N.C. Smaller Cos.	68.6	72.9	−0.3	3.82

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd. (z)
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

Property Fund	229.2	[illegible]	[illegible]	—
Equity Fund	152.7	[illegible]	[illegible]	—
Property Acc.	256.4	[illegible]	[illegible]	—
Equity Acc.	152.3	[illegible]	[illegible]	—
Selective Fund	153.6	[illegible]	[illegible]	—
Money Fund	164.2	173.1	[illegible]	—
Convertible Fund	180.5	190.0	[illegible]	—
Prop. Fd. Ser. 4	217.5	227.7	[illegible]	—
Equity Ser. 4	150.7	[illegible]	[illegible]	—
Man. Ser. 4	206.3	217.2	[illegible]	—
Money Ser. 4	152.5	160.6	[illegible]	—
Conv. Ser. 4	152.7	[illegible]	[illegible]	—
Fixed Int. Fd. Ser. 4	122.7	[illegible]	[illegible]	—
America Ser. 4	110.3	[illegible]	[illegible]	—
High Inc. Ser. 4	117.8	124.1	[illegible]	—
Indexed Inv. Series 4	96.9	102.0	[illegible]	—
Pension Property	320.7	337.6	[illegible]	—
Pension Equity	299.6	315.4	[illegible]	—
Pension Selective	156.3	[illegible]	[illegible]	—
Pension Managed	305.6	[illegible]	[illegible]	—
Pension Security	225.3	237.2	[illegible]	—
Pension Fixed Int.	119.9	[illegible]	[illegible]	—
Pension Indexed Inv.	97.1	102.3	[illegible]	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	328.4	345.6	+0.9	—
Fixed Int. Acc.	202.5	213.1	-1.1	—
Gtd. Money Fd. Ac.	157.5	165.8	+0.1	—
Intl. Man. Fd. Acm.	141.8	148.8	+0.3	—
Intl. Fxd. Int. Fd.	109.5	115.2	-0.6	—
Prop. Fd. Acc.	159.9	168.3	—	—
M'ple Inv. Acc.	254.2	267.5	+0.1	—
Equity Pen.Fd.Acc.	453.6	477.4	+1.6	—
Fixed I. Pen.Acc.	330.1	347.4	-2.8	—
G'td.Mon.Pen.Acc.	219.3	230.8	—	—
Intl.Mn.PnFdAcc.	169.0	177.9	+0.3	—
Prop.Pen.Acc.	211.5	222.6	—	—
M'ple Inv.Pen.Acc.	370.5	390.0	+0.1	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	197.6	208.2	—	—
Money Fd.	144.6	152.2	—	—

[illegible]

Crown Life—Continued

St. George Mngd. Fd.	110.7	[illegible]	—	—
Lkes & Sec.Fd.	124.8	[illegible]	—	—
Sage Fd.	95.5	[illegible]	—	—
Heritage Fd.	99.3	[illegible]	—	—
DBS Managed	204.2	[illegible]	—	—
Crown. Brit. Inv. A		217.2	—	—
Pens. Mixed. Fd.	152.9	[illegible]	—	—
Pens. Mang'd. Acc.	114.0	[illegible]	—	—
Pens. Mang'd. Init.	109.8	[illegible]	—	—
Pens. Equity Acc.	103.8	[illegible]	—	—
Pens. Equity Init.	99.6	[illegible]	—	—
Pens. Fxd. Int. Acc.	111.4	[illegible]	—	—
Pens. Fxd. Int. Init.	107.2	[illegible]	—	—
Pens. Money Acc.	110.1	[illegible]	—	—
Pens. Money Init.	105.8	[illegible]	—	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq. EC3N 4DJ 488 2323

Growth Prop July 6	101.1	111.2	—	—
Managed Pens July 14	122.6	116.47	—	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	82.2	85.2	-0.9	5.84

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	194.0	204.2	-1.2	—
Higher Inc. Fund	123.5	130.0	-1.0	—
Property Fund	193.5	203.6	+1.0	—
Fixed Interest Fund	147.7	155.4	-0.2	—
Index Linked Secs Fnd.	93.6	98.5	+0.1	—
Gtd. Deposit Fund	136.4	143.5	+0.1	—
Nth. America Fund	106.0	111.5	+0.2	—
Far East Fund	82.2	86.5	—	—
International Fund	97.9	103.0	-0.1	—
Mixed Fund	171.1	180.1	-0.2	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	186.2	196.0	—	—
Ind. Pen. Property	145.6	153.2	—	—
Ind. Pen. Fixed Int.	140.5	148.3	—	—
Ind. Pen. Indx Lk. Sec.	102.8	108.2	—	—
Ind. Pen. Overseas	146.0	153.6	—	—
Ind. Pen. Cash	136.9	144.1	—	—
Ind. Pen. Balanced	153.3	161.3	—	—
Ind. Pen. Dep. Admin.	136.9	144.1	—	—

Prices at June 30. Next settlement July 15.
Group Pension Funds—Prices Available On Request.

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong

Wardley Trust	HK$24.19	25.98	-0.20	5.40
Wardley Nikko As. Fd.	$36.32	37.72	-0.21	3.02
Wardley Bond Trust	$9.52	9.70	+0.10	9.38
Wardley Japan Trust	$14.81	15.35	+0.05	1.17

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.59		-0.09	—

Inv. Adv.: M. & G. Inv. Mngt. Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM. 0624 25015

Wren Com. Fund	36.3	37.8	—	6.60
Chinese Fund	75.3	79.4	—	9.30
Precious Metal Fund	148.3	156.9	—	8.30
Vanguard Cmdty. Fd.	41.6	42.7	—	2.26
Financial Futures Fd.	110.4	115.5	—	—
Wren Intl. Fnd.*	$0.654	0.689	—	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
80	64	Jourdan (T.) 10p.	76	......	5.25	0.8	10.1	(26.8)
48	40	Kalamazoo 10p	43	−1	2.5	0.9	8.3	19.9
170	135	Kelsey Inds.	142	......	8.0	2.1	8.0	8.1
165	138	Kennedy Sm. 10p	163	......	♦†4.38	4.1	3.8	8.6
510	180	Kershaw (A.) 5p.	180	......	21.75	0.5	17.9	(18.9)
51	41	Kleen-E-Ze Hldgs.	48	......	5.5	0.7	16.4	(10.0)
68	51	L.C.P. Hlds	51	−2	3.6	0.5	10.1	(46.0)
66	39½	L.R.C. Int. 10p.	66	......	2.75	♦	6.1	♦
46	34	Lawtex	35	......	‡1.5	—	‡	—
188	148	Lead Inds. 50p	150	......	9.66	1.8	9.2	(8.2)
415	277	Lep Group 10p	415	......	17.5	♦	6.2	♦
37	28	Lilleshall 10p	30	......	2.5	—	11.9	—
60	39	Lon. & Liv. 10p	54	−5	2.45	2.4	6.7	7.6
102	78	London & Midl'd	97	+1	7.75	♦	12.0	♦
51	36	Lon. & Nthn. Grp.	48	......	3.75	2.1	11.2	5.1
35	23	♦Lon. Priv. Health	35	......	—	—	—	♦
10	3½	Long Hmbly. 10p.	9½	+½	B—	—	—	—
48	36	Longton Inds.	43	......	1.0	—	3.3	—
72	33	Lonsdale Univrsl.	65	......	♦1.0	0.9	2.2	(71.3)
195	83	Low & Bonar 50p	84	......	7.0	1.6	11.9	(6.5)
27½	19	M.Y. Dart. 10p.	19½	......	h1.21	—	8.9	—
176	105	M'c'rthy Ph. 20p	176	+1	7.0	2.8	5.7	8.2
110	70	Macfarlane Gp.	109	......	4.0	2.2	5.2	11.2
37	28	Maclellon 20p	36#	......	1.43	1.4	5.7	(15.8)
66	55	Macpherson (D.)	55xd	......	4.2	1.5	10.9	8.0
62	53	Magnolia Group	62	......	2.3	3.9	5.4	6.1
108	60	Man. Ship Can. £1	60	......	—	—	—	—
49	38	Marley	40	......	2.25	1.5	8.2	(10.0)
40½	29	Marling Ind. 10p	37xd	−½	1.08	♦	4.2	♦
49	33½	Marshall (L'xy.) 'A'	35	......	2.8	3.4	11.4	3.1

LEISURE—Continued

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
133	116	♦Leisure Inds.	130	+5	q5.0	♦	5.5	♦
125	84	Magn. Ag. N. 10p	84	......	8.75	1.5	14.9	6.2
67	55	Medminster 10p	59	+2	3.7	2.4	9.0	6.4
238	140	♦Nimslo Int 20c	157	−3	—	—	—	—
48	33	Norton & Wrt. 10p	48	+3	2.0	♦	6.1	♦
77	64	Old Swan (H'gate) 10p	74	......	0.9	♦	1.8	♦
28	14	♦Owners Abroad	24½	......	u0.35	4.6	2.0	15.2
62	52	Photax (Lon.)	60	......	3.5	3.8	8.3	3.8
280	149	Pleasurama 5p	237	......	†h4.75	5.2	2.9	9.5
*121	84	Riley Leisure 10p	85	−3	♦4.1	1.7	6.9	12.2
179	126	Saga Hols. 20p	132	......	†h3.73	4.6	4.0	(8.5)
173	125	Samuelson 20p	162	......	d8.77	—	7.7	—
99	76	Scott. TV 'A' 10p	85	......	7.0	3.8	11.8	3.1
50	36	♦SelecTV 10p	42	......	—	—	—	—
18	13	TSW 5p	16	......	H0.6	—	6.1	—
51	31	♦TVS N/Vtg 10p	48	......	—	—	—	—
100	62	Trid'nt TV 'A' 10p	69xd	......	4.26	2.1	8.8	7.0
215	92	21st Century Dist. Cpn	208	......	—	—	—	—
27½	17½	Webb (Jos.) 5p	17½	......	0.51	♦	4.3	♦
93	69	Zetters 5p	76	......	2.75	3.1	5.2	8.8

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
20	14	B.L. 50p	16	......	—	—	—	—
135	93	Gen. Mts. Units	129	......	Q12c	—	5.2	—
55	20	♦Hesketh Motor 50p	23#	......	—	—	—	—

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh. 50c	100	......	Q25c	10.3	12.6
33	19	Wankie Col. Z$1	21	......	Q5c	1.2	11.5
21	12	Zam. Cpr. SBD0.24	14	−1	—	—	—

Australian

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
23	10	ACM 20c	15	−½	—	—	—
7	1½	Argosy Gold NL 25c	2½	......	—	—	—
151	59	Bond Corp.	62	−1	gQ10c	2.3	10.5
82	58	Bougainville I Kna.	72	−2	Q6½c	1.2	5.5
192	147	CRA 50c	162	......	Q5c	—	16
16	10	Carr Boyd 20c	13	−1	—	—	—
56	22	Central Pacific	29	......	—	—	—
380	152	Crusader Oil	240	......	—	—	—
26	10	Cultur. Pacific N.L.	11	−½	—	—	—
27	14	Eagle Corp. 10c	16	......	—	—	—
23	9	Endeavour 20c	10	......	—	—	—
368	150	G. M. Kalgoorlie 25c	185	−10	Q32½c	0.9	20.7

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 25

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Wednesday July 28 1982

Edwin Land resigns as Polaroid chairman

By Paul Betts in New York

DR EDWIN LAND, the inventor of instant photography, resigned yesterday as chairman and as a director of Polaroid, the company he created.

Dr Land, 74, will be honorary chairman and he will remain a consultant until the end of this year.

He said yesterday, however, that he wanted to devote his time to the Rowland Institute of Science, a non-profit research company he set up in 1979.

The news of Dr Land's departure coincided with publication of Polaroid's second quarter figures, showing a severe decline in profits to $3.7m (£2.1m) or 11 cents a share, from $13.5m or 41 cents a share in the same period last year.

Polaroid said its earnings had been influenced by a pre-tax charge of $28.7m, equivalent to

Dr Edwin Land

45 cents a share, taken because of weak demand overseas for its SX-70 film, for which it had invested heavily in production capacity. First quarter sales fell to $323.5m from $339.1m a year earlier.

Dr Land, who had a reputation as a somewhat eccentric chief executive, had already begun to withdraw from day-to-day management of Polaroid when Mr William McCune succeeded him as president two years ago. Mr McCune will now take over as chairman.

It was unclear yesterday whether Dr Land intends to hold on to his substantial stake in Polaroid. He and his wife are the company's largest shareholders with about 7.7 per cent of the stock.

Dr Land's resignation appears to reflect his growing disenchantment the company, as well as apparent policy disagreements with Mr McCune. It may also result from his preference for scientific research rather than the more mundane business of running a big corporation.

The problem behind Polaroid's dwindling sales and profits has been that the company essentially sells just one product. It relies almost exclusively on its instant cameras and film.

Mr McCune has sought to diversify Polaroid's operations, taking the company into the technical and industrial market to lessen its dependence on consumer photography.

Men & Matters, Page 12

Continued from Page 1

Jobless

illustrate the scheme yesterday. It said the grant might be fixed at £500. If 100,000 jobs were split the gross cost would be £50m, but the savings in benefit payments should mean a net reduction in public expenditure.

Mr Tebbit said the grant would be fixed at a level which would at least mean no net cost to the taxpayer.

The job-splitting scheme has been denounced by Mr Len Murray, the TUC general secretary, as a "shabby cosmetic exercise." He gave a more guarded comment on the CPS, saying the TUC had received assurances from the Manpower Services Commission that it would avoid replacing real jobs and would protect jobs in the private sector.

Continued from Page 1

Shares fall

to meet the substantial shortages in money markets, but did not lower its intervention rates.

Eurodollar interest rates were firmer with the three-month rate ⅛ higher at 13⅛ per cent. This gave further impetus to the dollar, which continued to recover from last week's sharp falls. Against Germany currency, it rose to DM 2.43 from DM 2.4085.

David Lascelles adds from New York: President Reagan took the unusual step yesterday of personally telephoning the chairman of Manufacturers Hanover Bank in New York to thank him for cutting the prime rate on Monday. The bank was the first to reduce the rate from 16 per cent to 15½ per cent — its lowest level in nearly two years.

THATCHER CALL ON ATLANTIC CONVEYOR REPLACEMENT

'Be patriotic' plea to Cunard

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE CHANCES of the replacement for the Atlantic Conveyor being built in Britain improved yesterday, with a firm Government statement that if wanted me to see the work go to a UK yard.

Cunard, owner of the container ship destroyed in the Falklands fighting, was yesterday called upon to show a "patriotic attitude" by Mrs Margaret Thatcher, the Prime Minister.

The Trafalgar House subsidiary is expected to announce its order by the end of this week, when the tenders from Japanese and South Korean yards run out. These tenders offer a much lower price than that quoted by British shipbuilders.

Mrs Thatcher said that, in addition to the patriotism expected from Cunard and the Government's offer of extra funds, British Shipbuilders and its workforce would have to help by keeping costs low. "We are now looking at further things we can do," she told the Commons.

Cunard described the offer of more funds if the ship was fitted with defence features as "quite inadequate." It emerged last night that the extra sum would be nearly £4m, rather than the £3m first mentioned on Monday.

This still leaves a gap between the low Korean price of about £30m and state-owned British Shipbuilders' quote of around £45m.

After a meeting between Mrs Thatcher and trade union leaders yesterday morning, Mr David Lea, assistant general secretary of the Trades Union Congress, said it would be "an act of betrayal" if the order went outside the UK.

"The buck rests here, between the Government and Cunard." As for the suggestion that workers might take a wage cut to keep the order in the country, he added: "The pricing of the ship is not one we can meet by eating bowls of rice."

He said unions would want to find "an action programme" if the order did go abroad, though he was not specific. "We made clear to the Prime Minister that, if the decision goes wrong, we will not leave the matter there."

Mr Patrick Jenkin, the Industry Secretary, who was also at the meeting, said the Government was looking for some way of bridging the finance gap.

"The Government is determined to do all it can to see that the ship is built in this country," he said. It has agreed to pay Cunard £10m in compensation for the lost ship.

Mr Jenkin said the Government had already offered about 30 per cent of the price of the new vessel in various subsidies, credits and compensation. He had pointed this out to Lord Matthews, chairman of Cunard, on Monday.

Swan Hunter, the Tyneside yard which hopes to receive the order, recently lost another contract because of low Korean prices.

Furness Withy, the UK company owned by Hong Kong's CY Tung Group, decided in mid-July to have a vessel built in Korea at a price of some £20m instead of at Swan Hunter for nearly £27m.

Thatcher pressure on Cunard, Page 8

Heseltine to boost spending of local authorities by 5%

BY ROBIN PAULEY

THE GOVERNMENT has increased the expenditure target for local authorities next year by £900m, or 5 per cent and will take no further action over the £1.5bn overspend by councils this year.

Mr Michael Heseltine, the Environment Secretary, announced what amounts to a preliminary rate support grant settlement yesterday. The percentage of council spending to be funded by central government grant will fall from 56.1 per cent to around 53 per cent next year.

But in all other respects, the announcement was much more generous than council leaders had been expecting. It has all the hallmarks of a Government trying to ensure very low rate rises next spring in advance of an expected General Election.

Mr Heseltine said the Government would provide £11.8bn in grant and the current spending target would be raised to £19.5bn. This means that Mr Heseltine has added £1.9bn to local government spending targets, and therefore to public expenditure totals, in eight months having won an extra £1bn in November for the current year. The extra £900m for 1983-84 will be taken from the contingency reserve.

He said yesterday that the figures meant that if councils would try to reach the new and attainable targets many of them would be able to levy very low or zero rate increases in the spring.

Councils which have previously tried to meet Government targets have been given 1983-84 targets allowing for a 5 per cent cash increase over 1982-83. This may or may not involve a cash squeeze depending on local authority pay and price inflation during the year.

Overspenders will generally be required to make a cut of not more than 1 per cent cash from this year's budget.

Two overspenders will, however, have to make cuts of more than 1 per cent from this year's cash budgets to get on target. They are the Greater London Council, which needs a 19.9 per cent cut, and Daventry, 3.9 per cent.

Details of the penalties for overspenders next year will be announced at the usual rate support grant meeting in the autumn. But Mr Heseltine warned yesterday that grant will be withdrawn at a much faster and steeper rate in 1983-84 once councils pass the Government's benchmarks. No new penalties will be imposed for 1982-83 except the £312m already expected in phased grant withdrawal for overshooting targets.

Heseltine jeered, Page 6
Fury greets Heseltine penalty, Page 8
Problems of wielding the axe, Page 12

Liquidators for money changer

By Alan Friedman

SAUDI ARABIAN authorities have appointed a committee to liquidate the money-changing business of Abdullah Saleh Al Rajhi, whose Ad Dammam-based company is said to owe Belgian, British, Thai, and other banks close to $300m.

The 40-branch money-changing, travellers' cheques, gold and silver company was closed down by Saudi authorities last week and the Government-appointed committee will now begin winding-up the business. Its first task will be to determine Saleh Al Rajhi's assets

An important part of this assessment will be the Saudi land and buildings which Abdullah Saleh Al Rajhi has pledged as collateral to Kredietbank of Belgium. Kredietbank's exposure is a result of silver speculation by Saleh Al Rajhi and is thought to be a nominal $210m plus a further $50m in financing costs.

Mr Tom McHale, an expert on Saudi Arabia at the London-based East-West group, said yesterday that under Saudi law foreigners are not permitted to own land except for those establishments licensed to operate under the Foreign Capital Code.

"The pledging of land as collateral has been used in the past, but another Saudi party then must take responsibility for paying the recipient of the pledge," he said.

In London, the Al Rajhi Company for Currency Exchange and Commerce, chaired by Abdullah Saleh Al Rajhi's father, dispatched a telex announcement to all correspondents around the world restating its lack of any financial or other ties to the Dammam business.

Weather

UK TODAY

MOSTLY DRY with sunny periods.

London, S. and E. England, East Anglia, Midlands, Channel Isles, N. England

Dry, cloudy with sunny intervals. Max. 22C (72F).

Wales, S.W. England, Scotland, N. Ireland

Dry, sunny periods, fog patches early and late. Max. 21C (70F).

Outlook: Little change.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	25	77	L. Ang.†	F	18	65
Algiers	S	32	90	Luxmbg.	C	18	64
Amsdm.	C	18	64	Luxor		—	—
Athens	S	30	86	Madrid	S	32	90
Bahrain	S	37	99	Majorca	S	30	86
Barclna.	S	27	81	Malaga	S	32	90
Beirut		—	—	Malta	S	25	77
Belfast	F	18	66	M'chstr.	C	17	63
Belgrd.	C	—	—	Melbne.	F	15	59
Berlin	S	18	65	Mx. C.†		—	—
Biarritz	F	25	77	Miami†	F	27	81
Bmghm.	C	18	81	Milan	R	20	68
Blackpl.	C	19	66	Montrl.†	S	19	66
Bordx.	F	25	77	Moscow	S	24	75
Boulgn.	C	16	61	Munich	R	14	57
Bristol	C	19	66	Nairobi		—	—
Brussels	C	17	63	Naples	C	28	82
Budpst.	R	20	68	Nassau		—	—
Cairo	S	33	91	Nwcstl.	C	18	61
Cardiff	S	20	68	N York†	S	23	73
Cas'b'ca	S	32	90	Nice	F	26	79
Cape T.	S	19	66	Nicosia	S	30	86
Chicg.†	Fg	22	72	Oporto	C	20	68
Cologne	C	18	61	Oslo	S	20	68
Cpnhgn.	C	19	66	Paris	C	18	64
Corfu	F	28	82	Perth		—	—
Denver†	R	17	63	Prague	F	17	63
Dublin	S	19	66	Reykjvk.	C	11	52
Dbrvnk.	S	25	77	Rhodes	S	27	81
Ednbgh.	S	18	64	Rio J'o†		—	—
Faro	S	26	79	Rome	S	29	84
Florence	C	23	73	Salzbrg.	R	17	63
Frankft.	C	18	64	S F'cisco†		—	—
Funchal	R	25	77	S. Moritz		—	—
Geneva	C	16	64	Singapr.	F	32	90
Gibraltar	S	36	97	Santiago†		—	—
Glasgow	F	23	73	Stckhm.	F	19	66
G'rnsey	C	17	63	Strasbg.	F	21	70
Helsinki	S	20	68	Sydney	F	14	57
H. Kong	F	33	91	Tangier	S	28	82
Innsbrk.	C	17	63	Tel Aviv	F	29	84
Invrnss.	C	16	61	Tenerife	S	38	100
I.o.Man	C	16	61	Tokyo	C	24	75
Istanbul	F	27	81	T'ronto†	C	20	68
Jersey	S	19	66	Tunis	S	33	91
Jo'burg	S	17	63	Valencia	S	30	86
L. Plms.	S	33	91	Venice	C	21	70
Lisbon	F	24	75	Vienna	R	16	61
Locarno	C	23	73	Warsaw	F	23	73
London	C	16	61	Zurich	R	13	55

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny.
† Noon GMT temperatures.

Aslef conference acknowledges defeat over flexible rostering

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LEADERS of the train drivers' union Aslef last night accepted the principle of more flexible work rostering, thus acknowledging defeat over the issue following their recent strikes.

The decision by the annual conference of the Associated Society of Locomotive Engineers and Firemen (Aslef) marks the first shift away from the union's previous stance of maintaining the guaranteed eight-hour day agreement it had held since 1919.

The unanimous decision, which underlines the BR board's victory over the issue, follows 17 days of strikes over flexible rostering earlier this year and two weeks of stoppages this month, which cost BR about £200m.

Negotiations will now begin with the board on the detailed implementation of flexible rosterings. Under the terms of the TUC agreement which ended the latest round of strikes, these will have to be completed within six days, in time for a meeting on August 3 of the Railway Staffs' National Tribunal, chaired by Lord McCarthy, to discuss this year's pay settlement for BR's 177,000 workers.

BR, which has withdrawn its original 5 per cent offer, will argue that the tribunal should make no award while productivity improvements it is seeking remain outstanding.

BR is expected to renegotiate the 71 flexible rosters now in force at drivers' depots under the terms of the RSNT decision No. 77 by Lord McCarthy on flexible rostering which found in favour of the board.

The resolution unanimously adopted by the Aslef conference merely noted the TUC understanding with BR which led to the end of the strike.

It called on today's meeting of the full TUC General Council not to endorse the decision of the TUC's Finance and General Purposes Committee, which drew up the formula. The scene is therefore set for a row today between left and right wings of the TUC.

The central portion of the Aslef decision yesterday stated that the conference "in view of the circumstances, authorises the executive committee to enter into negotiations and conclude an agreement for footplate staff on the basis of RSNT decision 77," including the safeguards proposed by Lord McCarthy on the operation of flexible rostering.

This was clearly accepted with bad grace by the 47 delegates, who inserted into the motion a phrase technically reaffirming Aslef's commitment to the preservation of the guaranteed eight-hour day, but the union's acceptance of the need to conclude an agreement based on decision No 77 is the breakthrough BR has been seeking.

Delegates insisted that the new rosters produced under an agreement reached with BR would be worked under protest.

Since the agreement would have been reached under duress —BR threatened both to shut down the railway network and sack all Aslef strikers unless the stoppages were called off— Aslef gave warning that it did not consider itself to be under its normal responsibility for the smooth running of any agreement reached with BR on the issue.

The resolution adopted by the conference indicated that there was a prospect of lack of co-operation with the new rosters at local level.

Airlines to raise fares 2-7%

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FARE RISES of 2 to 7 per cent, mostly about 5 per cent, will become effective in many parts of the world this year, following an agreement by member-airlines of the International Air Transport Association (IATA) in Geneva.

The rises still have to be worked out in detail by individual airlines, and approved by Governments.

Most will become effective from October 1, but some will be introduced on January 1. Most countries will be involved, although some in Africa, Japan and Korea, will not be affected.

The rises, if all are approved by Governments, should add about $3bn in a full year to the scheduled airlines' current revenues of about $66bn a year.

They will go some way towards offsetting rising costs, and help to stem the losses of $1.66bn incurred last year, with a bigger shortfall of $3.5bn forecast for this year.

The airline recognise that the rise in fares comes nowhere near the increase of about 16 per cent needed to eliminate the revenue shortfall. In the present recession, however, airlines believe neither the public nor governments could be asked to face fares rises of that magnitude.

The increases were part of a package of measures approved by the chairmen and chief executives of about 80 members of IATA.

Among the other measures approved was a strengthening of the industry's "Fare Deal Monitoring Group," which is studying ways of ending ticket discounting—the sale of tickets at less than official rates.

This is considered vital because governments are likely to want to know why the airlines want fares rises when they are already selling many of their tickets at cut rates. Passengers paying the full fares in some parts of the world are in effect subsidising those elsewhere who benefit from discounting.

The airlines also decided to take tougher action with those countries, especially in Africa, that refuse to allow airlines to repatriate their earnings in those countries.

It is estimated that upwards of $600m a year in airline revenues are effectively blocked in those countries, and the trend appears to be on the increase. Some airlines have already threatened to suspend air services to countries which block earnings in this way, simply because they cannot afford the revenue losses involved.

The IATA can do little directly itself, but it can bring considerable pressure to bear on the governments of the affected airlines, so diplomatic action can be taken against the offending countries.

The matter is viewed seriously by the scheduled airlines, who believe unless efforts are made now to stop this particular drain on their revenues, air transport services to many parts of Africa could collapse.

Currency "windfall" cuts
CAA loss, Page 6

THE LEX COLUMN

Birmingham in the firing line

Every so often the equity market, or a sector of it, is seized with a sort of panic, and that is what happened in the already depressed engineering shares yesterday. The City has been slowly getting used to the idea that the spring recovery in demand quickly fizzled out, but the dreadful possibility that a further fall in capital goods output might be on the way is only just being taken on board.

The result was an indiscriminate rush yesterday to sell the engineers. These—with the exception of TI, which rallied after denying that it was in financial difficulties—closed near their lowest levels, accounting for the bulk of the 11.8 point fall in the FT 30-Share Index.

TI's subsidiary British Aluminium fell nearly 15 per cent, while Turner and Newall shed 10p to 44p, less than half par value, and John Brown has retreated onto a yield basis of 15½ per cent, under the by no means fanciful assumption of an unchanged dividend. While the pains of disinflation rack the manufacturers, however, gilt-edged continue to make serene progress.

NatWest

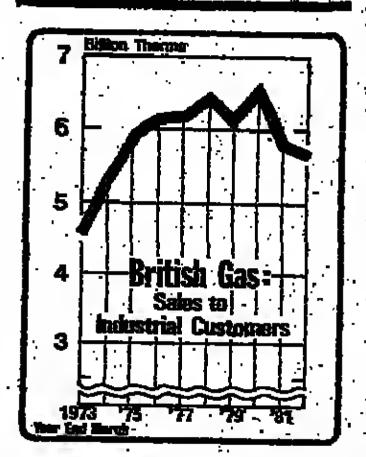
NatWest's figures are enough to convince a banking analyst of the virtues of hidden reserves. Pre-tax profits in the first half have emerged at £214m, 9 per cent up on the same period last year, and 28 per cent down on the second half of 1981. But with the provision for bad and doubtful debts jumping about all over the place—increasing by £81m over the last two halves—underlying trends are far from transparent.

Averaging the provision over the last three halves shows NatWest's results in a relatively favourable light, with little change in profits over the last two halves and a 25 per cent gain over the first half of 1981. If anything, on this basis NatWest's performance is catching up with that of Lloyds, which it has tended to lag in recent years.

Domestic costs have been kept under tight control, with underlying staff costs up 11 per cent over the year. UK advances, though, have not risen as sharply as at Lloyds, and NatWest seems to be content to concede the market share which this rival, for one, is winning at marginal returns.

Underlying currency advances have risen by 20 per cent over the last year, while

Index fell 11.8 to 561.5



National Bank of North America is making slow progress, but is still not covering its financing cost. More disappointing than the profit figures, perhaps, was the dividend; the interim payout compares where a 10 per cent rise in with a 15 per cent gain at Lloyds. The shares fell 12p yesterday to 440p, where the prospective yield is 9.2 per cent.

British Gas

Sir Denis Rooke must be the sort of chap who would complain, were he the owner of an ice-cream van, that the August sun threatened to melt his strawberry sundaes. British Gas, he writes, has "withstood the worst effects of the wintry weather," and the Corporation's annual report contains pictures of disconsolate gasmen standing in snowdrifts.

The effects of the weather on gas volume are not discussed by the chairman, although it turns out that, despite 26 per cent price increases, domestic gas sales were up on the year—an important offset to the continuing slump in industrial gas offtake.

Nevertheless, profits are well down, and one shivers to think what might have happened if those price rises—for which British Gas quite rightly blames the Government—has not been pushed through. Current cost profits—Keymer and Haslam have little or no support in the gas industry—have collapsed from £381m to £311m, and British Gas has dismally failed to meet its official target of a 3½ per cent current cost return in respect of the year to March 1982.

Yet the profit and loss account, not for the first time, gives off a peculiar smell: customers are advised not to strike a match and search for the hundreds of millions of pounds that are leaking away. It is not just that the profit figure is arrived at after £395m of gas levy, as well as all the current cost adjustments—except, strangely, the gearing adjustment which would have boosted profits by £37m.

British Gas is also deep into the policy of double write-offs. As well as charging full replacement cost depreciation of its assets, it sets against trading profit the cost of actually replacing them as it does so. It really is time that all capital-intensive businesses adopted this convention, even if that means that the entire published earnings of British industry will be wiped out. All this capitalising of capital expenditure has simply got to stop.

On the completely false historical cost basis used by less enlightened companies, British Gas made £1.3bn last year, pre-tax and levy, against £1.05bn. The big question is whether Sir Denis can pull the business round and get back on target for 1982-83. It may be a close thing—domestic gas tariffs are rising by only 23 per cent.

Grindlays

Nearly the only figure to have changed in Grindlays' interim profit announcement is the date. In particular, the sole impact of the major disposal of its Hong Kong subsidiaries in March seems to be a slightly lower tax charge. Otherwise pre-tax profits in the period to June at the bank are a princely £20,000 higher at £19.7m.

The proceeds of the Hong Kong disposals have been invested pro tem in the money markets and there has apparently been an "encouraging" upturn in underlying business. But provisions for bad and doubtful debts have been rising and given the bank's involvement in the Euromarkets this may not be a short-term phenomenon. Takeover fever has cooled following the transfer of an 11 per cent stake in Holdings within the Arab community and last night the shares shed another 2p to 173p, which compares with this year's high of 235p. A yield of 3.4 per cent provides little support on fundamental trading grounds.